

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Wednesday October 8 1986

D 8523 B

Greek opposition facing biggest challenge, Page 2

London	100.00	Paris	100.00	Frankfurt	100.00
Geneva	100.00	Zurich	100.00	Stockholm	100.00
Oslo	100.00	Copenhagen	100.00	Helsinki	100.00
Aarhus	100.00	Bombay	100.00	Calcutta	100.00
Mumbai	100.00	Delhi	100.00	Madras	100.00
Chennai	100.00	Hyderabad	100.00	Bangalore	100.00
Colombo	100.00	Singapore	100.00	Manila	100.00
Cebu	100.00	Seoul	100.00	Tokyo	100.00
Osaka	100.00	Kyoto	100.00	Beijing	100.00
Taipei	100.00	Hong Kong	100.00	Sydney	100.00
Melbourne	100.00	Auckland	100.00	Wellington	100.00
Christchurch	100.00	Dunedin	100.00	Perth	100.00
Adelaide	100.00	Brisbane	100.00	Gold Coast	100.00
Queensland	100.00	Victoria	100.00	South Australia	100.00
Western Australia	100.00	Queensland	100.00	Victoria	100.00
South Australia	100.00	Western Australia	100.00	Queensland	100.00
Victoria	100.00	South Australia	100.00	Western Australia	100.00

No. 30,052

World news Business summary

Italians ready for row over prisoners

The Italian Government is bracing itself for accusations of compromising its anti-terrorism policy by swapping three Libyan prisoners for four Italian citizens jailed in Libya during the last six years.

The Italian Foreign Ministry, whose spokesman was consistent in saying that the swap was motivated by humanitarian reasons, and offered no further explanation.

A spokesman for the Libyan Peoples Bureau in Rome said that the exchange was part of the "new climate" in Italo-Libyan relations.

Kharg 'damaged'

An Iraqi air raid caused heavy damage to an already-battered main jetty at the Kharg Island oil terminal, putting Iranian crude exports under added pressure, shipping sources in the region said.

Cyprus assurance

Pakistan has given Greece an assurance that it will not recognise the so-called Turkish Cypriot "state" in the Turkish-occupied northern sector of Cyprus, Karolos Papoulias, Greek Foreign Minister, said.

Austrian sanctions

Austria will take economic sanctions against South Africa in line with those taken by the EC, Chancellor Franz Vranitzky said.

Gaza attack

An Israeli taxi driver, Yisrael Gitan, was stabbed to death in an apparent Arab guerrilla attack in occupied Gaza, a military spokesman said.

Treason charge

Three Ugandan cabinet ministers and 17 other people were charged with treason in the Kampala chief magistrate's court.

Nigerian moves

Two leading members of Nigeria's Armed Forces Ruling Council have been replaced by Ibrahim Babangida, announced.

Beirut killing

A masked gunman on a motorcycle shot dead Sheikh Subhi al-Saleh, a Sunni Muslim religious scholar, in a crowded Beirut street and fellow clergymen called for a general strike in protest.

Mozambique warned

South African Defence Minister Magnus Malan issued a warning to Mozambique after six of his soldiers were injured in a landmine explosion near the border between the two countries.

Pope accused

Czechoslovak Communist Party daily Rude Pravo accused the Pope of stifling free expression within the Catholic Church and attacked what it called the Vatican's "flexible and ambiguous attitude" to birth control, abortion and divorce.

Swedish shuffle

Swedish Premier Ingvar Carlsson is planning a Cabinet shuffle and the creation of a ministry of the environment and energy.

Injunction sought

British Foreign Office is to seek a High Court injunction to prevent the New Statesman magazine publishing extracts from the valedictory dispatch of Sir James Craig, former British Ambassador to Saudi Arabia.

French lamb war

French farmers have attacked trucks carrying British, Dutch and Belgian live sheep, and lamb carcasses, in violent protests over the last five days.

IBM launches 'mini' mainframe

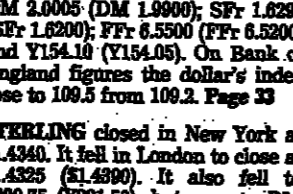
IBM, largest US computer manufacturer, introduced an important addition to its range of office computers with the launch of a mini version of its mainframe computer.

TOKYO blue chip stocks were in demand taking the Nikkei Dow market average up 188.03 to 17,804.36.

LONDON shares benefited from devaluation at the Opec meeting in Geneva. The FT Ordinary Index added 8.1 to 1,257.3.

WALL STREET: The Dow Jones industrial average closed unchanged at 1,784.45.

Australian All Ordinaries Index



DOLLAR closes in New York at DM2.0015; SF 1.8500; FF 6.5878; and Y154.25. It rose in London to DM 2.0005 (DM 1.9900); SF 1.8290 (SF 1.8200); FF 6.5500 (FF 6.5200) and Y154.10 (Y154.05).

STERLING closed in New York at \$1.4340. It fell in London to close at \$1.4325 (\$1.4300). It also fell to \$220.75 (\$221.50), but rose to DM 2.8290 (DM 2.8225) and SF 2.3225 (SF 2.3200).

GOLD fell \$0.25 to \$437.50 in the Zurich market. It also fell in London to \$437.50 from \$437.57.

STEEL: Installed capacity of Brazil's steel industry, at present about 20m tonnes of crude steel, could double to 40m tonnes within 15 years if the Brazilian economy continues to grow at present rates.

FABRIQUE Nationale Herstal, Belgian small arms and aeronautics manufacturer, announced a BP1bn (\$24.2m) programme of streamlining and cost-cutting in the wake of a damaging strike last March.

BANCA NAZIONALE del Lavoro, Italy's largest bank, has been criticised for weak management by Banca d'Italia, Italy's central bank, in a confidential report.

TRELLEBORG, Swedish rubber products group, reported a strong increase in profits and has revised upwards its forecasts for the whole year.

DENMARK'S Prime Minister Poul Schluter launched measures to address the country's most pressing economic problem, its large current account deficit.

DOW JONES and Company, which publishes the Wall Street Journal, lifted third-quarter earnings by 19 per cent from \$27m to \$33.1m. The company attributed the rise to continued strong gains in the Ottawa community newspaper unit and its information services group.

Technology

UK Telecom

Weather

Bundesbank leads Reagan ready for arms talks 'after Iceland'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

EUROPEAN central banks intervened jointly yesterday to support the dollar, while in London prospects for sterling and for UK interest rates remained uncertain despite news of slower-than-expected growth in the money supply.

The intervention, the first concerted action since the transatlantic disagreement over interest and exchange rates at last week's meetings of the International Monetary Fund in Washington, is thought to have involved seven or eight central banks.

It was led by West Germany's Bundesbank and initially succeeded in pushing the dollar sharply higher, reversing the slide of the past few days.

There were doubts in the foreign exchange markets, however, over how effective central bank intervention could be in supporting the US currency for more than a few days or weeks, and some of the dollar's early gains were lost in later trading.

One European official said that the concerted action, which brought in small central banks such as the Bank of Ireland as well as the Bundesbank and Swiss National Bank, involved the purchase of "hundreds of millions of dollars."

The Bank of England is thought to have co-operated in the action and to have supported sterling at the same time, covering substantial amounts of D-Marks both for

the main sticking points in previous negotiations.

If they cannot all agree, the north German states will allocate one channel to the other.

Seven applicants have already come forward wanting to launch private commercial television in Germany.

The political agreement, which now has to be drawn up as a state treaty, clears the way for a possible launch of the TV-Sat satellite next May.

The prime ministers of the German Länder (states) have agreed that two channels will go to the existing German public service broadcasters ARD and ZDF and two to new commercial television entrepreneurs.

The announcement late on Monday of two of the biggest takeover offers in US corporate history follows weeks of mounting speculation about the share of both companies, which have been trading well below their asset values.

Reagan ready for arms talks 'after Iceland'

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan is ready to have negotiations aimed at reaching an arms control agreement some time after next week-end's pre-summit meeting in Iceland with Mr Mikhail Gorbachev, the Soviet leader but he is not seeking final agreements at the Reykjavik talks, Mr George Shultz, US Secretary of State, said yesterday.

Briefing reporters ahead of the meeting, Mr Shultz said: "We are not trying to reach a final agreement on something, we are trying to formulate propositions that will be of maximum assistance and direction to our negotiators so that they, as the people who are spending their time on the details, scope and subtlety of the subjects, can advance towards agreement."

Asked if Mr Reagan was going to Reykjavik with new proposals and ready to negotiate, Mr Shultz said the US was already putting forward interesting proposals at the arms talks but that "in a broad sense any meeting like this is a negotiation."

He added, however, that he would not expect Mr Reagan and Mr Gorbachev personally to "get down to the nuts and bolts of the issues."

Mr Reagan will be entering into the talks with his personal popularity a little below the peaks recorded by opinion polls in the past, but at levels that are among the highest ever recorded by a president six years into his term.

A New York Times/CBS news poll taken at the end of September and published yesterday shows Mr Reagan with a 63 per cent approval rating. His highest ever rating on

this poll was 68 per cent recorded after his Geneva summit last November.

There are also clear signs that Washington does not want to make the task he faces more difficult. There was a muted reaction yesterday to the shooting down over Nicaragua of a rebel supply aircraft named, by American civilians, Congress is also seeking a compromise on legislation which the White House said would be Mr Reagan's hands at the bargaining table.

Mr Shultz yesterday emphasised the breadth of the agenda for the Reykjavik meeting, citing regional and human rights issues first before saying that arms control issues would be "addressed at considerable length."

He said that the issue of medium range missiles in Europe was an area generally recognised as being closest to being resolved but added "(that) does not mean it will be a piece of cake."

On the US Strategic Defence Initiative Mr Shultz said: "It is absolutely essential for the US to pursue SDI." One of the principal objectives of the Soviet Union in the strategic arms talks is to blunt what it sees as the threat from the US SDI programme.

The Soviet Union's emphasis on ending nuclear testing is seen as a climax of this effort since nuclear explosions are an essential ingredient in the development of some potential SDI components.

UK Tories pledge continuing state sell-offs

By Peter Riddell, Political Editor, in Bournemouth

PRIVATISATION OF UK state business worth \$3.75bn (\$6.8bn) a year will continue this year and for the next two years, the Conservative Government said yesterday.

Mr Norman Lamont, the Financial Secretary to the Treasury, stressed that the Government had a full programme of privatisation for the next parliament after the general election to be held by mid-1988, "when we shall continue to privatise the remaining state enterprises including the water authorities."

This reaffirmation of the future sale of the water industry follows the postponement of legislation earlier this summer.

Mr Lamont, speaking at the annual conference of the Conservative Party in Bournemouth, confirmed that British Airways would be privatised early next year, to be followed by Rolls-Royce and the British Airports Authority in the summer. Privatisation of British Gas in a few weeks' time promised to be even more popular than British Telecom.

Overall, Mr Lamont said, the privatisation proceeds amounted to £2bn since 1979. He said that by the end of next year 600,000 workers would have moved from the public to the private sector and the state sector of industry would have been reduced by over two-fifths.

His speech was part of the concerted programme to show that the Government's approach would continue into the next parliament.

Speaking at a later fringe meeting to the free market Selsdon Group, Mr Nicholas Ridley, the Environment Secretary, foreshadowed the announcement today of legislation to require local authorities to offer for tender certain services such as refuse collection, street cleaning, building cleaning, catering, vehicle maintenance and ground maintenance.

Mr Ridley noted that council spending in these areas alone was over £2.5bn a year so that even modest percentage savings would yield significant cash savings.

The key announcement was of the establishment of 20 city technology colleges, new government-funded secondary schools in urban areas. They will be outside local authority control and are intended to increase the range and quality of technical and scientific education especially in the run-down inner-cities.

The Government hopes to introduce legislation after the general election to remove rent controls on

Continued on Page 20
Conference report, Page 13

W. Germany closer to May launch of DBS

BY RAYMOND SNOODY IN LONDON

WEST GERMANY has taken a large step towards launching Europe's first DBS (direct broadcast by satellite) service. After three years of disagreements the prime ministers of the West German states have reached a political agreement on who will have the four new national television channels.

The political agreement, which now has to be drawn up as a state treaty, clears the way for a possible launch of the TV-Sat satellite next May.

The prime ministers of the German Länder (states) have agreed that two channels will go to the existing German public service broadcasters ARD and ZDF and two to new commercial television entrepreneurs.

The ministers have agreed a formula for the allocation of the two "private" channels, one of

the main sticking points in previous negotiations.

If they cannot all agree, the north German states will allocate one channel to the other.

Seven applicants have already come forward wanting to launch private commercial television in Germany.

The political agreement, which now has to be drawn up as a state treaty, clears the way for a possible launch of the TV-Sat satellite next May.

The announcement late on Monday of two of the biggest takeover offers in US corporate history follows weeks of mounting speculation about the share of both companies, which have been trading well below their asset values.

EEC to challenge US-Japan chip pact

BY QUENTIN PEEL IN BRUSSELS

THE EEC will this week challenge the US-Japanese agreement on trade in semi-conductor chips through the formal procedures of the General Agreement on Tariffs and Trade (GATT) in Geneva.

The move calling for urgent consultations with both parties to the anti-dumping deal has been approved by officials of the 12 EEC member states in Brussels after abortive contacts by the European Commission with Tokyo and Washington.

The Commission is also starting action under the anti-dumping code of the GATT to seek protection from possible side-effects of the bilateral agreement between the US and Japan.

A senior official of the European Commission confirmed last night that the action would begin this week - starting what is inevitably a lengthy negotiating process on possible trade damage according to the GATT procedures.

The Commission had consultations with both Japanese and US government officials last week on the consequences of the pact, which seeks to regulate semiconductor prices between Japan and the US and extend the system to cover chips exported to third countries, including the EEC.

The deal agreed on the last day of July was widely condemned in Brussels by Mr Willy De Clercq, the EEC Trade Commissioner, and Mr

Mr Rolf Arnheim, managing director of Eurosatellite, the consortium of French and German electronics and aerospace companies which manufactured the French and German satellites, said yesterday: "I have no doubt a solution has been found."

Mr Arnheim said that the German satellite was scheduled to be on the second launch when the Ariane rocket resumes its flights after its recent technical problems.

Eurosatellite has built two spacecraft, TV-Sat and the French TDF-1, for a total of DM 520m (\$260m), including research and development costs.

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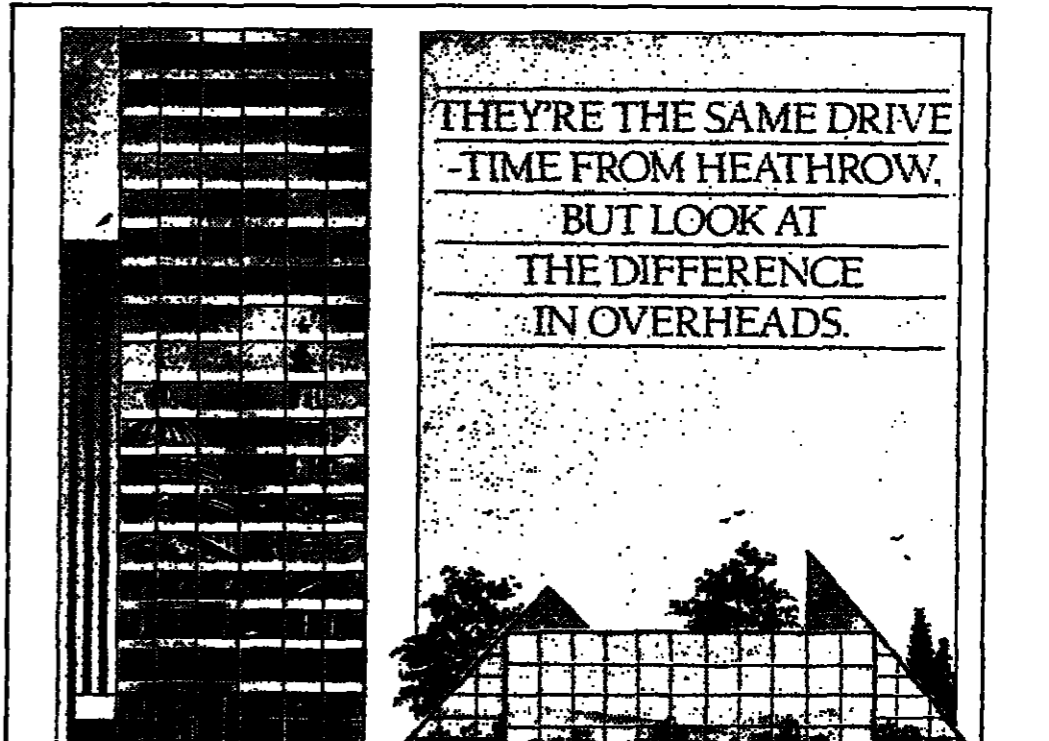
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EUROPEAN NEWS

Italy expects row on prisoner swap with Libya

BY JOHN WYLES IN ROME

THE ITALIAN Government was braced itself yesterday for accusations that it is compromising its anti-terrorism policy by swapping three Libyan prisoners for four Italian citizens jailed in Libya during the last six years.

The Italian Foreign Ministry, whose spokesmen were consistently unavailable all day, issued a statement saying that the swap was motivated by "humanitarian reasons" and offered no further explanation.

A spokesman for the Libyan Peoples Bureau in Rome, said that the exchange was part of the "new climate" in Italy-Libyan relations which was beginning to develop following the crisis caused by the shelling earlier this year of the Italian island Lampedusa.

"We are very satisfied with this move which undoubtedly testifies to an improvement in relations between our two countries."

Given the recent wave of terrorist bombing in Europe, particularly France, and Italy's stated opposition to dealing with terrorism, the swap is bound to cause some puzzlement in other European capitals.

Carlsson reshuffles Swedish Cabinet

By Kevin Done in Stockholm

MR INGVAR CARLSSON, the Swedish Prime Minister, is reshuffling the Government and plans to establish a new Ministry of the Environment and Energy.

Some eight months after taking office following the assassination of Mr Olof Palme at the end of February, Mr Carlsson is making his first important cabinet changes. They will take effect well ahead of the next Swedish general election due in September 1988.

In the Government declaration to Parliament yesterday Mr Carlsson promised "restraint" would be the key note of the 1987-88 budget to be presented in January.

"The task of restoring the public finances to a sound state must be continued. Increased expenditure due to reform proposals in certain high priority areas will be financed by savings in others."

Increased costs in Government agencies and utilities would be met by rationalisation and Mr Carlsson promised further efforts to reform and simplify the Swedish tax system.

The Prime Minister called for the week-long strike in the public sector to be settled as soon as possible, but he announced no new initiatives to settle the dispute in which around 800,000 of the country's 1.5m public sector workers are now taking or threatening some form of industrial action.

In the Cabinet reshuffle Mrs Birgitta Dahl is to head the new Environment and Energy Ministry. Sweden's Advisory Council on Energy is currently conducting a new analysis of the safety aspects of nuclear power in the wake of the Chernobyl accident and it is studying the possibility of phasing out nuclear power before the year 2010.

As part of further Cabinet appointments Mr Mats Hellstrom, currently Minister of Foreign Trade, is to take over as Minister of Agriculture following the retirement of the present Agriculture Minister, Mr Svante Lundqvist. Mrs Anita Gradin will take over as Minister without portfolio in the Foreign Office with responsibility for foreign trade. Mr Ulf Lonnqvist has been appointed to a new post as Minister without portfolio responsible for youth, sports and tourism.

MAJORITY OF MEMBERS FAVOUR EXTENDING PRESENT DEAL ON OUTPUT

Opec may continue with interim pact

BY RICHARD JOHNS IN GENEVA

A SUBSTANTIAL majority within the Organisation of Petroleum Exporting Countries is in favour of extending the current interim agreement on limiting and sharing out production under a ceiling of about 18.8m barrels a day until the end of the year.

On the second day of the ministerial conference here yesterday only Kuwait and, to a lesser extent, Saudi Arabia, appeared to be holding out for finalisation of agreement on a new formula for setting quotas under whatever limit the 13 member states agree demand can justify, without jeopardising the recovery in price levels.

Mr Rikswam Lukman, Nigerian Minister of Oil and current President of Opec said after the morning session: "If we have to continue the existing arrangement and it is our perception that it is the best thing to maintain market stability and firm up prices, we are not going to be afraid of making that decision."

He was less than categorical about the chances of Opec seeking more time to make up its differences but the general drift of the meeting seemed to be in that direction.

The argument in favour of an extension of the accord reached here just over two months ago is regarded by most delegations as a strong one. The accord has been instrumental in raising prices by nearly a half, covering only September and October. It is based on a realistic appreciation of the difficulties in reaching any agreement on criteria for a system replacing the one on proportionate shares which was somewhat arbitrarily reached in March 1982.

"In practice everyone wants a bigger slice of the cake and no one will be prepared to accept a smaller one", commented one veteran delegate, emphasising the obstacles facing a new deal.

Last month's Opec output to continue collective output to more or less 18.8m b/d. For that it had much to thank Iraq's disruption of Iranian exports through its attacks on shipping and export terminals. From that point of view, the best news yesterday, for all except Iraq, was what appears to have been an effective Iraqi air strike against Kharg Island.

Nevertheless, acrimonious debate yesterday inevitably focused upon violations of the accord by several member states. In particular, the

United Arab Emirates even failed to provide any information to the committee established at Opec's Secretariat in Vienna to monitor observance of the pact or to send a representative there.

A rattled-looking Dr Mana Seid al Otaibi, UAE Minister of Petroleum, was very much in the dock but was able to produce an assurance from President Zayed of the UAE and Emir of Abu Dhabi, that it would henceforth observe its quota of 950,000 b/d, which was exceeded by as much as 350,000 b/d last month.

The refusal of Dubai, the second most important member of the union, to recognise any Opec obligations made other delegations sceptical about the chances of a renewed UAE commitment being fulfilled.

There was also an angry altercation between Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil, and Sen Arturo Hernandez Grisanzi, Venezuelan chief delegate, over the Latin American state's sales from stocks amounting to about 130,000 b/d over and above what it would have had available for export after satisfying local demand and observing its quota.

Mr Hernandez is understood to

have given an assurance that the practice would cease. Figures submitted to the monitoring unit in Vienna show also that Ecuador ran down inventories at a rate of about 78,000 b/d and Libya by 68,000 b/d.

Kuwait has been the member most vociferous in threatening to open production valves and return to the "price war" if other members do not abide by their commitments. Moreover, Sheikh Ahmed Zaki Yamani, Saudi Arabian Minister of Oil, also said on Monday that a new deal on quotas was "absolutely essential." But the Saudi position seemed yesterday to be more flexible than that of Kuwait.

Tactics employed by these two producers are likely to be critical to the outcome of the meeting. Iran, having been responsible for the compromise, making possible an encouraging restoration of oil price levels, will also be very anxious to dictate the outcome of this meeting. It quite clearly believes that the 12 members party to the August accord limiting their output to 18.8m b/d (with Iraq exempted) will also be desperately anxious to dictate the outcome.

The next full ministerial session is not expected to begin until late

on Thursday morning following the appointment of three committees charged with drawing up recommendations relating to production quotas and price objectives.

One, composed of experts from each member country, is looking into both key issues and yesterday started approving proposals made by various member states. Its recommendations will be submitted to two ministerial committees.

One is chaired by Mr Lukman, assisted by the chief delegates of Indonesia and the UAE which will deal with quota redistribution, a contentious subject which the poor and more populous members will insist takes into account demographic factors.

The other, headed by Sheikh Ali Khalifa together with the Libyan and Ecuadorian ministers has been given responsibility for pricing policy. At least on this question there is general consensus of achieving a rate of \$17-\$19 per barrel by the end of the year.

Other delegations will be allowed to attend meetings of both ministerial committees if they want. But if Opec is really to reach agreement on a new sharing system they could be here until Christmas.

Britain urges EEC to declare war on drugs

THE BRITISH Government urged the European Community to declare war on illegal use of drugs yesterday and proposed its own battle plan, AP reports from Strasbourg.

Discussing the topic with the European Parliament in Strasbourg, Mr David Mellor, Britain's Minister of State at the Home Office, said: "International concerted action against drugs is not an option, it's a necessity."

Speaking as President of the EEC Council of Ministers, Mr Mellor said that while heroin and amphetamines were the main concern in Western Europe, "cocaine hangs over us like the sword of Democles."

He said the seizure of cocaine in Spain and West Germany during the first half of 1986 surpassed heroin seizures for the first time. "The cocaine avalanche of which our American friends warned us may have begun," he declared.

Mr Mellor told the 516-member EEC legislature that his Government's action plan, announced in London on October 20, at the next informal meeting of the EEC interior ministers.

Britain's plan calls for:

- Strict border controls at the EEC's external frontiers;
- Enactment of common laws imposing harsh penalties on drug traffickers and providing for the seizure of their assets;
- The creation of an EEC drugs task force with liaison offices in all member countries and elsewhere;
- Linking EEC aid to countries in

Trade barrier battle loses momentum

BY TIM DICKSON IN LUXEMBOURG

EEC internal market ministers demonstrated yesterday why the drive to dismantle trade barriers within Europe appears to be losing momentum.

More than 75 of the 106 items timetabled for decision this year have yet to be agreed and officials in Brussels are trying desperately to inject new vigour into the political debate.

Agreement yesterday was admittedly reached quickly on a new five-year-old proposal to widen the internal market provided for consumers on the noise level of domestic appliances.

But a potentially much more significant package of proposals aimed at harmonising drug registration procedures at Community level soon become bogged down in a mire of conflicting national interests and contradictory public concerns.

The basic aim of the four directives and one recommendation is to facilitate the development and marketing of medicinal products derived from biotechnology and other high technology medicinal products within the EEC, thus widening the internal market for these drugs.

Yesterday's disagreements, however, centred on the period

Relief at Unesco chief's move

BY PAUL BETTS IN PARIS

THE DECISION of Mr Amador Mabarr M'bow, the director-general of Unesco, not to seek a third term at the head of the agency next year was greeted yesterday with relief by delegates of both western and even several developing countries.

Many members states, including non-aligned countries, had become increasingly concerned that Mr M'bow would seek a third mandate next autumn plunging the troubled UN agency for education, science and culture into a further crisis.

After the departure of the US and the UK from the organisation, several other Western countries and significant contributors to the Unesco budget had threatened to give notice of withdrawal. Indeed, Japan made it clear that it would oppose the re-election of Mr M'bow at the head of the agency he has led for the past 12 years.

In the summer of 1987 the Senegalese director-general claimed to enjoy the continuing support of Third World countries, he is understood to have failed to win the endorsement from non-aligned countries for a third mandate at the non-aligned summit at Harare this year.

Pakistan in assurance on Cyprus

PAKISTAN HAS assured Greece that it will not recognise the secessionist Turkish Cypriot state "in the Turkish-occupied part" of the island.

Mr Karolos Papoulias, the Greek Foreign Minister, said yesterday.

Mr Papoulias said at a press conference that he had been given the assurance by his Pakistani counterpart during a bilateral meeting in New York last month on the sidelines of the UN General Assembly, writing Andriana Ierodiaconou in Athens.

The Turkish Cypriot minority community unilaterally declared the northern third of Cyprus, which has been under Turkish military occupation since 1974, an independent state three years ago.

Recognition has so far come only from Turkey, Athens and Nirosia. Athens feared however that Pakistan, which has close relations with Turkey, might with time also extend recognition.

Denmark moves to cut deficit

By Hilary Barnes in Copenhagen

MR POUL SCHLUTER, Denmark's Prime Minister, yesterday launched what has been dubbed here as "the potato panacea" for the country's most pressing economic problem, its large current account deficit.

The main ingredients in the Government's measures, presented at the re-opening of the Folketing (parliament) after the summer recess, are savings incentives and penalties for consumer borrowing.

Energy taxes, last changed in April, will also be adjusted to bring the price to consumers to the level of April 1985. The measures have been called the potato panacea because they coincide with the one-week October school holiday which in earlier days released children to help with the potato harvest.

Savings toward further education and home buying will receive a state pledge as far back as 1974—held up during the summer pending further security checks after the Soviet reactor disaster at Chernobyl.

Portuguese under fire over grain

By Diana Smith in Lisbon

CHANCES HAVE increased of proceedings by the EEC Commission against Portugal in the European Tribunal following the Government's refusal to keep the state-run grain monopoly, EPAC, out of bids for part of the country's sizeable grain imports.

The Commission lodged a formal note of protest and requested satisfactory explanations after private grain traders complained to Brussels that the Government was disregarding Portugal's treaty of accession to the EEC which requires that state trading monopolies be disbanded and that in 1986, 20 per cent of grain imports be released for bids by private traders.

Contrary to expectations, EPAC entered and won two of the first three tenders this year, when 370,000 tonnes of grain should, in principle, have been available only to bidding by private traders.

Portugal has until 1990 to liberalise grain imports by 20 per cent a year until private traders and a smaller EPAC can compete on equal terms.

Failure to comply with the first stage of liberalisation, which requires a gradual switch to European supplies away from US imports that have dominated the Portuguese market, has put Portugal into Brussels' bad books.

The Portuguese claim that there is no formal stipulation barring EPAC from bids for "liberalised" grain imports: they do not, therefore, intend to be rushed into changes.

Spanish right-wingers quit party

BY DAVID WHITE IN BARCELONA

MR MANUEL FRAGA, the veteran leader of Spain's right-wing opposition, has seen his parliamentary support disintegrate further with the defections of four members of his Popular Alliance party.

The four dissidents, who refused to appear before a disciplinary committee and who instead told Mr Fraga they were crossing over to the "mixed group" benches of minority opposition parties, include Mr Jorge Verstrynge, a long-time protégé of Mr Fraga and secretary-general of the party until last month.

Mr Verstrynge was sacked after putting up Mr Fraga's name for mayor of Madrid, without permission from Mr Fraga himself, who clearly saw it as a manoeuvre to put him out to pasture.

In the general election in June, a three-party coalition headed by Mr Fraga kept all but one of its previous 106 seats in the 350-member Congress. Expected to be the withdrawal from the coalition of the Christian Democrat PDP, and with the problems in Mr Fraga's own party, the total has been reduced to 80.

In summer party denials of a crisis speculation has revived about how long Mr Fraga, a former Franco minister, will stay in politics.

Mr Abel Maturas, one of Spain's European Commissioners, is reported to have made a lightning visit to Madrid to discuss the leadership problem.

To make things worse, the party is involved in a wrangle with its bankers over an estimated Ptas 1.5bn (\$5m) in debts accumulated in its general election campaign.

The four defectors are expected to try to form a new party, aiming to enlist more members of Popular Alliance and to attract support from voters who were put off by Mr Fraga's authoritarian image.

Their criticisms focus on Mr Fraga's decision to call for abstention in the Nato referendum in March, and his high-handed running of the party.

Among those who have joined the mini exodus from Popular Alliance, one of the party's youth leaders in Valencia, said it had become more like a fan club for Mr Fraga than a political party.

Warning on summit

THE US WILL dwell on several anti-Soviet themes at the Reykjavik summit in Iceland, the Soviet news agency Tass said yesterday in a report of a speech by President Reagan warning people not to be optimistic, writes Patrick Cockburn in Moscow.

"The President made clear that the US intends to dwell on current Soviet themes and is not going to renounce its interference in the affairs of Afghanistan and other sovereign states," Tass said.

N-weapon query

FINNISH parliamentarians have asked the Foreign Ministry for a statement on whether a US ship which visited Helsinki carried nuclear weapons despite Finland's insistence that the area should remain free of them, Reuters reports from Helsinki.

They called for the statement after a motion from Communist members of parliament. The destroyer USS Thorn has just ended a visit here.

Yugoslav price fear

YUGOSLAVS are bracing for another big increase in the price of petrol, the second in less than three months, the Belgrade daily Vecernje Novosti said, Reuters reports from Belgrade.

Swiss inflation falls

THE annual inflation rate in Switzerland fell to 0.6 per cent last month from 0.7 per cent in August, the Government announced yesterday, AP, writes from Bern.

US steel group

In yesterday's edition, the Financial Times mistakenly suggested that US steel and energy group, one of the two major steelmakers currently operating under the protection of US bankruptcy law. The two groups which are under the protection of the bankruptcy courts are LTV and Wheeling-Pittsburgh.

Police await protest over nuclear plant start-up

BY DAVID MARSH IN BONN

WEST GERMAN police in the northern state of Schleswig-Holstein were last night preparing to repulse anti-nuclear demonstrations ahead of the expected start-up of the much-contested atomic power plant at Brokdorf on the Elbe.

Brokdorf, for 12 years a symbolic rallying point for German anti-nuclear protests, has become a central theme in the fierce debate over atomic power during the run-up to January's general elections.

Andriana Ierodiaconou in Athens explains why Sunday's local elections may deliver some national political messages

Andriana Ierodiaconou, the right-wing challenger to Mr Dimitris Belis, mayor of the capital

Ailing opposition faces biggest challenge in Greek poll

"VOTE FOR your own good, and that of the area you come from. Nothing else," say Socialist Party posters lining the main avenues of Athens before Sunday's municipal elections for mayors and city councils around the country.

Behind this somewhat plaintive admonition lies the Government's tactical decision to play down the elections as much as possible. The Socialists are anxious to avoid a surrogate referendum on their policies since they won the June 1985 general election.

On that occasion, lured by the slogan "For even better days" and anxious to block a return to power of the right, Greeks gave Dr Andreas Papandreu's Panhellenic Socialist Movement (Paseok) a triumphant 48 per cent of the vote and a record four-year term. Th hopes of the conservative New Democracy Party for a comeback were dashed.

Four months later Dr Papandreu announced that Greece was in for a period of economic austerity to avert a foreign debt crisis, an unwelcome sur-

prise for voters of all political persuasions. The past year has been particularly traumatic for committed Socialists, who have been subjected not just to an economic U-turn but also to a conservative shift in foreign policy, including an undignified effort to mend fences with the US.

The interval has been marked by rumblings of discontent within Paseok, a split in the Socialist trade union movement, and expulsions of dissidents from the party.

Not surprisingly therefore, the Government has done its best to stop the municipal elections delivering a political message, by urging voters to base their choice on local issues alone and by ensuring that the campaign is virtually ignored by state-controlled television and radio. Greece has no commercial channels.

To some extent this policy has been abetted by the public, only too glad to be left alone after five years of seemingly non-stop election activity. Greeks, for whom voting is compulsory, have been called to the polls for general elections in 1981, municipal ones in 1982, Euro-



ATHENS BATTLE: Mr Miltiades Evert (left), the right-wing challenger to Mr Dimitris Belis, mayor of the capital

pean Parliamentary elections in 1984 and general elections again in 1985.

There is little doubt however that political considerations will be drawn from the municipal vote as much by the Government as by the opposition conservative and Communist parties. The key results in Sunday's first round of voting will take place in the major urban centres of Athens, Piraeus, Salonika and Athens.

If no mayoral candidate secures an absolute majority in the first round, the two leading contenders will compete in run-off elections one week later.

For the Government, a result appreciably worse than in June 1985 will signal the need for a policy adjustment before the next general elections, particularly if voters appear to have

shifted mainly to the two opposition Communist parties—the small Eurocommunist KK-ES and the larger pro-Moscow KKE.

The fact that these elections are not due until the comfortably distant date of June 1989, means however that Dr Papandreu's room for manoeuvre will not be immediately hampered by adverse results allowing him to complete the two-year economic austerity programme.

He will also be able to give Washington the "yes or no" answer it is expected to seek by the end of 1987 on the future of the four US military bases in Greece. The present agreement on their operation expires at the end of 1988.

The municipal elections could prove decisive for the New Democracy Party, Greece's largest opposition group and its leader, Mr Constantine Mitsotakis. Mr Mitsotakis was elected as party chief two years ago, not so much because he was a spontaneously popular choice, but because it was felt that he was the man to defeat Dr Papandreu in the 1988 elections.

He failed, and since then the higher echelons of the party have been at his blood. One result of the ingighting was the formation of Democratic Renewal, a new splinter party of the right, by a group of 10 New Democracy deputies in September 1985.

The new party's mayoral candidate for Athens, Mr Yiannis Avraam, sparked off new crisis on the right 10 days ago when he accused Mr Mitsotakis of trying to persuade him to abandon the electoral race on the promise of a parliamentary seat in the next election.

The latest challenge to Mr Mitsotakis's leadership is being mounted, using the municipal election as a vehicle, by Mr Miltiades Evert, a New Democracy MP and former Cabinet Minister. Mr Evert, an excellent 47-year-old, has run a campaign for the city of Athens in keeping with his nickname of "the bulldozer."

Should there be a run-off between him and the Socialist-backed incumbent, Mr Dimitris Belis, the result will mainly be decided by the Communist vote.

Both the KK-ES and the KKE are reserving their positions in the second round. Most observers however find it difficult to imagine Communist voters supporting a right-wing candidate against a socialist, even for tactical reasons.

Mr Evert's strategy does not depend absolutely on gaining the mayor's seat. The general assumption is that he will feel strong enough to mount his challenge against Mr Mitsotakis if he can do better than New Democracy's June 1985 Athens result of 44 per cent, particularly if conservative candidates elsewhere display indifferent performances.

If no conservative candidate does well then Mr Mitsotakis's future in the leadership will again be in jeopardy, but this time the challenger is likely to be former Prime Minister Mr George Rallis.

If conservative candidates do well across the board, the game will have gone to Mr Mitsotakis, under his leadership.

As one Athenian put it, "It's all exciting stuff. But I have a feeling it's not going to do much for my daily traffic jam."

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OVERSEAS NEWS

Nigerian leader replaces two in ruling council

BY MICHAEL HOLMAN, AFRICA EDITOR. TWO LEADING members of Nigeria's Armed Forces Ruling Council have been replaced...

Israel in talks with Jordan

By Andrew Whitley in Jerusalem. MR SHIMON PERES, the outgoing Israeli Prime Minister, said yesterday that indirect negotiations were under way with Jordan...

As Tel Aviv prepares for a government change, Andrew Whitley assesses the economy. Peres tames inflation but growth pains linger

THE Prime Minister's office in Jerusalem's Kiryat Beza Gurion neighbourhood is flanked on one side by the Bank of Israel, on the other by the Treasury...



To retain his say, and to provide Labour with an effective veto over the Likud's actions in future, Mr Peres has proposed setting up a high level economic growth committee...

Mr Lautman and economic officials are worried, however, that new investment is negligible, and a fresh balance of payments crisis may be looming...

Weinberger lands in China to meet military officials

BY ROBERT THOMSON IN PEKING. MR CASPAR WEINBERGER, Defence Secretary, arrived in Peking last night for talks with senior Chinese military officials...

Hundreds 'killed in Bangladesh'

GOVERNMENT FORCES in Bangladesh have killed or tortured hundreds of unarmed tribal villagers in a remote part of the country during the past 10 years...

Sunni Moslem cleric shot dead near Beirut mosque

MASKED GUNMEN riding a motorbike killed a senior Sunni Moslem cleric yesterday near a West Beirut mosque, police said, AP reports from Beirut...

S. Africa warns Machel of clash

GEN Magnus Malan, the South African Defence Minister, yesterday warned Mozambique President Samora Machel that he faced a head-on clash with South Africa if he did not take urgent steps...

Hawke bows to pressure over fringe benefits tax

BY CHRIS SHERWELL IN SYDNEY. MR BOB HAWKE, Australia's Prime Minister, yesterday bowed to mounting criticism of his Government's new fringe benefits tax...

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AMERICAN NEWS

Nicaragua says shot-down flyer was a US adviser

BY OUR FOREIGN STAFF

THE SHOOTING down of a military transport plane in southern Nicaragua yesterday raised the stakes in the propaganda war in Central America with the Nicaraguan Government claiming that it had captured for the first time an American military adviser.

The Secretary General of the Nicaraguan Foreign Ministry, Mr Alejandro Bendana said in an interview on US television that a military transport plane was shot down 20 miles north of the Costa Rican border carrying 50,000 rounds of ammunition and rocket-propelled grenade launchers for Nicaraguan Contra rebels. A Defence Ministry statement said that the only survivor of the four-man crew, Eugene Hafentuf had described himself as a military adviser and would be presented to the international media at a press conference probably later today.

Nicaragua also claimed that three dead crewmen were Americans working on behalf of the Contras. A pro-Government newspaper, El Nuevo Diario, said that the captured American parachuted from the plane after it had been hit by a missile fired from the ground near the Costa Rican



border. The captured pilot was last night being held in the border zone, east of the Great Lakes of Nicaragua. Bad weather prevented Nicaraguan military officers and journalists from reaching the area. The missile is believed to have been fired by members of a light attack battalion known for their mobility in tough terrain and skill with the Soviet-made Sam-7 ground-to-air missiles. The official Nicaraguan daily, Barricada, which gave the news the big headlines yesterday, said the incident was "evidence of

the open participation of the United States in the war of aggression against Nicaragua."

While US spokesmen have denied that Hafentuf had anything to do with the US Government, diplomats in Managua warned that the fact of his capture seemed set to increase hostilities between Washington and Nicaragua. "Anything that amounts to foreign involvement means heightened tension," said one western envoy.

Diplomats said the full extent of the incident would be clear only after the identities of the survivor and his three dead colleagues had been confirmed.

If, as Managua says, Hafentuf is a military adviser the incident was bound to have serious repercussions in the US, on Central America, and on next weekend's talks in Iceland between the US and Soviet leaders, the diplomats said.

Early yesterday Nicaraguan officials said that they were satisfied that the plane was a military aircraft, saying it had "camouflage paint all over it." When the news of the plane's downing broke US Assistant Secretary of State Mr Elliot Abrams denied that the plane was a US military aircraft.

Shultz denies US military involvement

By Lionel Barber in Washington

US SECRETARY OF State George Shultz denied yesterday that the cargo plane shot down over southern Nicaragua was a US military plane supporting Contra rebels.

He said the plane had been hired by American citizens who had no connection with the US Government.

But the Sandinista Government in Nicaragua said the plane was part of a CIA operation and plans to produce the sole survivor of Sunday's crash who it says is a self-confessed US military adviser.

The incident has highlighted the grey area surrounding the Reagan Administration's support for the Contras.

If the survivor, named by the Nicaraguans as Mr Eugene Hafentuf, 35, were to support the Sandinista claim of CIA involvement it could embarrass the Reagan Administration. But any controversy is bound to be overshadowed in the feverish pre-summit atmosphere in Washington.

The Reagan Administration won Congressional support this year for US\$ 100m of "humanitarian aid" for the Contras which would cover exchange of intelligence and some training for the Contras by the CIA. The money has been authorised but has yet to be finally dispensed by Congress.

The current position under the so-called Boland Amendment, is that the CIA and all other US Government agencies, are banned from direct support or involvement with the rebels.

Arms broker jailed

AN IRANIAN emigre has been jailed for 30 months for exporting US military equipment to Iran in violation of the Federal Arms Export Control Act.

The jury found that Mr Hassan Kangaroo, 27, military arms broker for Iran, exported \$100,000 worth of military radio components.

Brazil may double steel capacity

BY NICK GARNETT IN RIO DE JANEIRO

BRAZIL could double its steel-making capacity from 20m to 40m tonnes a year within 15 years if the economy continues to grow at present rates, Mr Amaro Lanari, president of Siderbras, the Brazilian state-owned steel maker said yesterday.

Siderbras produces 68 per cent of Brazil's steel and intends to export between 20 and 30 per cent of its output.

If Siderbras maintains its share of Brazil's steel industry that would indicate it intends becoming a significantly larger force in the world steel mar-

kets in which overall consumption remains flat.

The International Iron and Steel Institute, which is holding its annual conference in Rio de Janeiro this week, forecasts that world demand for steel will rise over the next five years by only 1 per cent, from 721m tonnes to 730m tonnes.

Siderbras had an installed capacity of 14.2m tonnes last year and its Acominas plant which came on stream early this year—six years late and more than \$3bn over initial budget—has helped to push this up to 17m tonnes.

The state steel-maker, which suffers from extensive over-manning, is introducing several improvements in its production processes.

Mr Lanari said the proportion of steel made by the efficient continuous casting method would rise from 45 per cent now to 60 or 70 per cent within five years.

Steel is one of Brazil's largest public sector financial black-spots. The Government announced in July a financial reconstruction plan for five Siderbras steel plants to help the state company cope better

with its heavy debt burden. The company also says it wants to reduce costs by 8.5bn Cruzados (\$425m) a year up to 1990 by reducing energy consumption and improving efficiency.

Mr Lanari announced for the first time yesterday that Siderbras was also engaged in another plan which will be ready early next year.

He said this would examine ways of improving output and quality from existing capacity and the means for raising exports in line with increased output.

Larouche associates face credit card fraud charges

POLICE raided the headquarters of political extremist Mr Lyndon Larouche on Monday as several of his associates were charged in two indictments described as a nationwide credit card fraud scheme. AP reports from Leesburg, Virginia.

Mr Larouche is a frequent fringe candidate for the US Presidency and has announced he will run in 1988 as a Democrat. He has accused the Queen of England of drug trafficking and Dr Henry Kissinger, of being a Soviet agent.

While hundreds of federal, state and local officers searched for evidence at two office buildings used by Larouche-affiliated organisations in Virginia, a grand jury in Boston handed up a 117-count indictment alleging fraud, unauthorised use of credit cards, obstruction of justice and contempt of court.

Two corporations, three campaign committees, and 10 Larouche associates were named in the Boston indictment. A grand jury is a citizens' panel that weighs evidence and recommends charges to be prosecuted.

Mr Ed Spanaus, treasurer of Mr Larouche's Presidential campaign, called the action a "political dirty trick," saying

four weeks before the Congressional elections in which several Larouche followers are running for office.

Mr Warren Hammerman, chairman of the National Democratic Policy Committee, a Larouche organisation, said in a statement that Mr Donald Regan, the White House Chief of Staff, was behind the searches. Mr Regan and his spokesmen have refused in the past to comment on statements by the Larouche organisation.

A Larouche spokeswoman said she did not know Mr Larouche's whereabouts. Police and secret service agents stood watching the front gate of his \$1.2m estate throughout the day. Mr Dan Small, assistant US attorney in Boston, said the agents had warrants for a variety of documents relating principally to an investigation into allegations of credit card fraud by organisations related to Mr Larouche.

Prosecutors said in court papers made public earlier this year that individuals complained that amounts were charged to their credit cards in excess of those they authorised to be given to the Larouche groups.

Sunken sub 'is safe'

THE BERMUDAN Government has assured its 56,000 citizens that they need not fear radioactive contamination from the Soviet nuclear submarine that sank in the Atlantic, AP reports from Bermuda.

The submarine, stricken by an explosion and fire last Friday, went down about 600 miles east of the island.

Mr John Swan, the prime minister said: "We have been in touch with British authorities and have been assured that there is absolutely no danger of a radioactive leak."

Earlier, Mr Swan rejected demands from opposition leader Frederick Wade and Tourism Minister Mr David Allen for the creation of a task force to counteract adverse publicity surrounding the sinking.

Senate report attacks US counter-espionage record

THE UNITED STATES has paid too little attention, money and to protecting its secrets from spies, according to a two-year study by the Senate intelligence committee released yesterday. AP reports from Washington.

"The hostile intelligence threat is more serious than anyone in the Government has yet acknowledged publicly," the panel said in a 141-page report. It estimated that the Western lead over the Soviet Union in high technology had been whittled down by spying from 10 to 12 years a decade ago to about half that today.

The public version of the report, excluding the secret sections submitted to the Senate, reviewed for the first time the damage publicly acknowledged by the spate of spy cases in the last two years.

The panel took the Government to task for ignoring defensive security measures designed to thwart spying. Among many examples, it highlighted a little-publicised, recently discovered lapse which allowed the Soviets, for the second time since 1978, to plant bugs in electric typewriters being shipped to the US embassy in Moscow.

"For years, the Soviets were reading some of our most sensitive diplomatic correspondence, economic and political analyses and other communications," the report said.

On the question of hunting down spies, the committee had kinder words. It noted that from 1984 to 1986, 25 people were convicted of or admitted to spying against the US.

Nevertheless, it called for better policy direction of the Federal Bureau of Investigation, the Central Intelligence

Agency, and the Justice, State and Defense Departments. But it stopped short of calling for a counterintelligence supreme and commended the Government for beginning work on a national counter-intelligence strategy.

The committee said US intelligence agencies did not have uniform standards for investigating whether their employees were security risks and were way behind in periodically reinvestigating them.

It said major work was required to protect the security of computers and communications, particularly those transmitted by satellite, it said more than half the telephone calls in the US over any distance were susceptible to Soviet interception.

The committee advocated new restrictions on the access of potential foreign agents to US secrets, calling for a limit of 320 on the number of Soviet diplomats and a cut in the 371 foreigners who work at US military installations abroad and have access to secret information.

It noted that most of the information lost to foreign spies came from US citizens who volunteered their services to hostile intelligence officers out of a combination of motives including financial problems, resentments over their conditions of employment or their firing by the US Government and a thirst for intrigue.

It said the case of Vitaly Yurchenko, the KGB general designate who defected to the United States but returned to the Soviets three months later, had taught the CIA that defectors needed to deal with one case officer throughout their interrogation.

Captured airman 'a mercenary'

BY PETER FORD IN MANAGUA

NICARAGUA'S claim to have shot down and captured an American flyer working with Contra rebels poses a number of questions about the precise nature of US involvement in the guerrilla war, and about the role of Washington's allies in the Contra Connection.

An American identified as Mr Eugene Hafentuf, said by Nicaragua to be a military adviser in El Salvador, was taken prisoner after his plane was hit by a surface-to-air missile in southern Nicaragua, according to the defence ministry here.

His capture marks the first time an American has been taken alive in Washington's four-year proxy war against the Sandinistas. But other Contra supply planes have been shot down and other Americans have been killed.

Sandinista air defences have now brought down seven Contra helicopters, four light planes and three transport craft,

according to officials here.

Two members of the Alabama-based "Civilian Material Assistance" (CMA) mercenary group died two years ago in a helicopter crash in northern Nicaragua while accompanying a squad of Contras on a mission there.

Organisations such as CMA and "Soldier of Fortune" magazine have long been operating with "Nicaraguan Democratic Forces" (FDN) rebels along the Nicaraguan-Ronduras border, and Sandinista troops have reported combat with tall, fair-skinned guerrillas.

American mercenaries—like US military officials—have also been involved in training Salvadoran troops to fight left-wing guerrillas in their country. The Sandinistas' claim that Hafentuf is a "military adviser in El Salvador" left it unclear exactly who they think he is working for.

Observers here believe it unlikely that the Americans would risk sending an identifiable serviceman on such a risky and illegal mission as a Contra supply run into Nicaragua.

This leaves the possibility that Hafentuf is either a freelance mercenary, or that he is on contract to the CIA.

The CIA is still banned from aiding the Nicaraguan rebels. Even when the new \$100m Contra aid bill becomes law, probably next week, US officials will not be allowed within 20 miles of the Nicaraguan border.

Nicaraguan spokesmen, however, have made it clear that they are less concerned with the \$100m than by the fact that the CIA will have a free hand to run the guerrilla war.

Officials recall CIA involvement in the 1984 mining of Nicaraguan ports, and bombing of oil storage facilities, as an indicator of what they expect as the Contra war heats up again this autumn.



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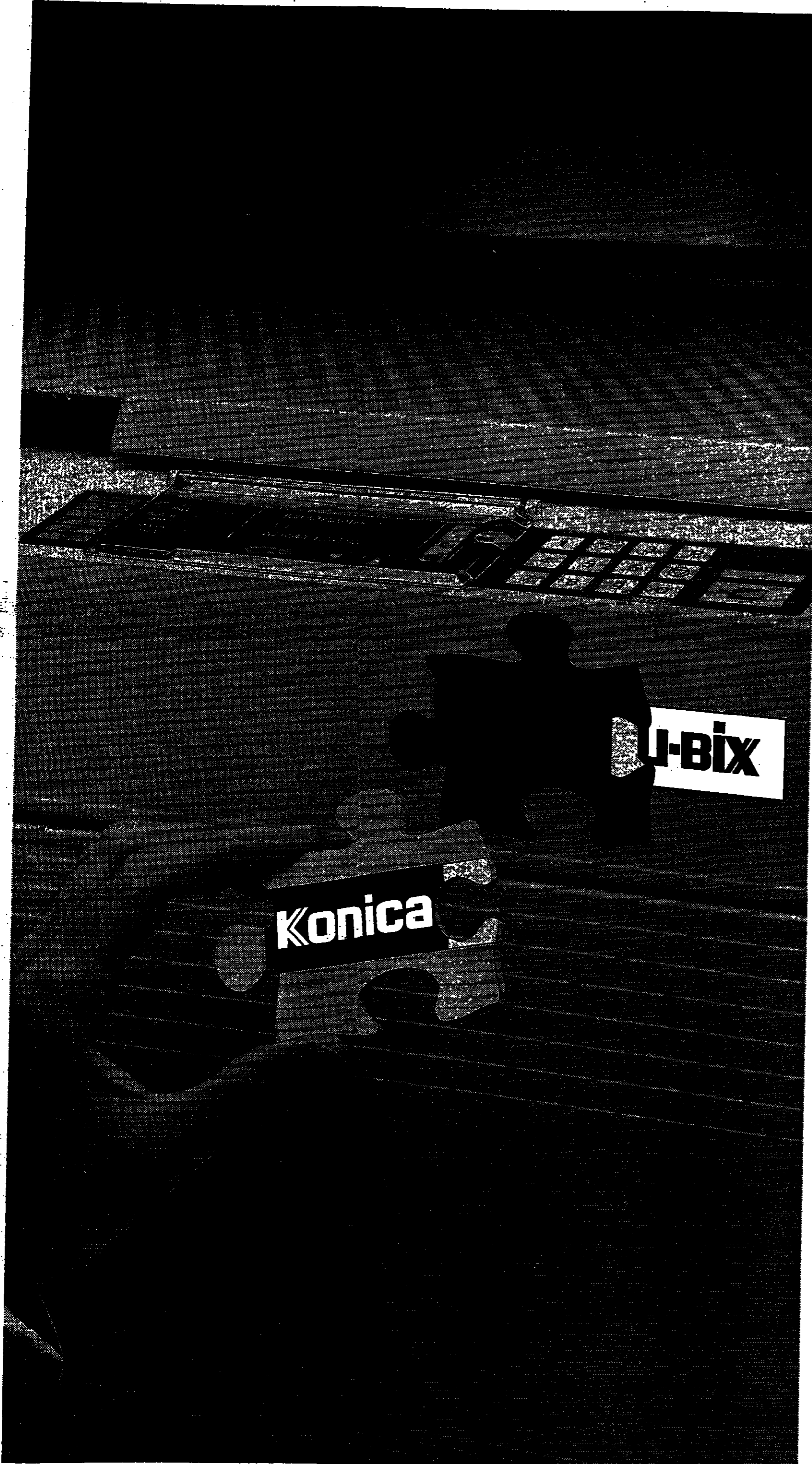
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WORLD TRADE NEWS

Reagan delays move on Brazil computer curbs

BY NANCY DUNNE IN WASHINGTON

PRESIDENT Reagan has postponed taking any retaliatory action against Brazil for its protection of its domestic computer industry until the end of the year.

In a statement issued by the White House, Mr Clayton Yeutter, the US trade representative, said the President has determined, after a year long investigation, that Brazil's information policy is an unreasonable barrier to trade and investment, but has decided that further consultations should be attempted.

Under the Brazilians' information law, computers, computer software and all products with computer chips are protected.

"Consultations between our two governments have produced some progress in this case but have not resulted in a fully satisfactory solution," Mr Yeutter said. However, the President is deferring his decision until the end of the year "pending the outcome of these discussions."

President Reagan has asked Mr Yeutter to notify the General Agreement on Tariffs and Trade of the US intention to suspend tariff concessions on selected imports of Brazilian products to compensate for lost US sales if no agreement is reached by the end of the year.

EEC short of staff to investigate dumping

By Quoted in Brussels THE EUROPEAN Commission is suffering from a serious shortage of staff needed to investigate anti-dumping cases, Mr Willy de Clercq, the EEC Trade Commissioner, has told the European Parliament.

Only 26 officials are employed by the Commission to investigate complaints of dumping made by European manufacturers, compared with 110 employed in the US for the same purpose.

Mr de Clercq told MEPs that in spite of the shortage, the average time of anti-dumping inquiries in 1984 was seven months, which he did not regard as excessive.

The Parliament, meeting in Strasbourg, passed a resolution calling for a swifter response to complaints.

Several members pointed out that Eastern European countries were most frequently the target of such actions, although they also singled out Japan for criticism.

Conservative Mr Michael Kirby said Japan was guilty of "unfair export pricing on a gigantic scale."

Mr de Clercq welcomed the suggestion by Mr Hans-Jürgen Zahorka, a West German Christian Democrat, that the Commission should consider employing private investigators to supplement its own staff. But he did not commit himself to the plan.

He said no fewer than 230 anti-dumping actions had been undertaken between 1980 and 1985.

Japan may still hit US tobacco imports

BY IAN RODGER IN TOKYO

THE CELEBRATIONS by America's cigarette makers over the indefinite suspension of Japan's 24 per cent import tariff on tobacco products may be premature.

Japan agreed last weekend, after months of acrimonious negotiations, to lift the tariff in return for the US dropping its unfair trade practices action under section 301 of the 1974 trade act.

However, Japan still has many other weapons for restricting the sale of foreign tobacco, and a strong motivation for using them. The country's 80,000 tobacco farmers have proved in the past to be an extraordinarily effective protectionist lobby, and if the current liberalisation move becomes painful for them, the Government, which relies heavily on the farm vote, could well be responsive.

The whole tobacco production and distribution system appears to have been designed to protect the tobacco growers. The key to the system is that one company, Japan Tobacco Inc, has been awarded a monopoly over tobacco product manufacturing in the country. In return, it is obliged to buy all the tobacco produced by the farmers at very high prices.

Because of this arrangement, Japan Tobacco has sought to keep retail prices high and import penetration to a minimum. Until it was privatised a year ago, it had all the power of a government agency to achieve its ends - and used this power to discriminate blatantly against importers.

Until five years ago, cigarette importers were allowed to advertise their products in English language media only.

They have had to pay the 15 per cent excise tax on cigarettes on the landed price inclusive of import duty. They have to pay the excise within 30 days, while Japan Tobacco has six months' grace.

There are serious obstacles to the effective distribution of imported tobacco products. For example, there are only two bonded warehouses in Japan for imported tobacco products. Importers also have difficulty obtaining market information and even inventory reports from tobacco distributors.

Their selling prices were controlled until Japan Tobacco was privatised, but the high tariff and excise combination has meant that the prices of imported cigarettes have, until recently, remained significantly higher than domestic ones.

All of this has been highly effective. US trade officials said recently that the US share of the Japanese cigarette market of 27 per cent was far lower than in most other countries. If there were no barriers, they estimated that US producers' retail sales in Japan might amount to \$1bn a year (\$894.4m) compared with the current \$180m.

Japan Tobacco has joined the argument recently, claiming the market share of imports is "growing satisfactorily." It says importers have benefited by freeing their prices when domestic prices went up in May.

It claims sales of imported cigarettes were 58.5 per cent higher in July than in July 1985 while sales of domestic cigarettes were down 4.6 per cent. The market share of all imports has risen from 2.1 per cent in 1980 to 3.1 per cent in 1985.

Indonesia to repay cash debt in gas

By John Murray-Brown in Jakarta

INDONESIA, the world's largest exporter of liquefied natural gas (LNG), is to offer gas in lieu of a cash rebate to Japan, its principal customer, according to officials in Jakarta.

The move follows a recent agreement under which Japan won retroactive price concessions on Indonesian LNG.

If the rebate deal is agreed at next month's Tokyo talks, Japan would take an estimated 2m tonnes of LNG to cover amounts on which it has been overcharged since February this year.

The OI Intelligence Report estimates that Japan has on average paid the equivalent of \$19 a barrel during this period.

A new gas price, to be retrospective to February, will be pegged to a basket of crudes. It is likely to be closer to \$13 a barrel.

Indonesia last month made major concessions to Japan by agreeing to set prices to a "realisation price" where previously a Government Selected Price (GSP) had been used.

Dr Subroto, Indonesia's Energy Minister, last week acknowledged that the current GSP of \$28 was "unrealistic."

Japan, which depends on Indonesia for 80 per cent of gas supplies, was until last year the country's only gas customer, buying 14.7m tonnes at a value of \$3.8bn, as part of a 20-year contract signed in 1973. However, Indonesia is expected to begin first shipments to South Korea later this month, having signed a similar 20-year contract for 2.1m tonnes per annum with the state run Korea Electric Power Company in 1983.

Anthony Moreton looks at three international fabric shows

Paris textiles weave a spell

LINDKA CIERACH, who designed the wedding dress for the Duchess of York, one of Britain's Royal family, spent much of last week buying fabrics at Premiere Vision textile show in Paris. She was so successful that she will not be at Fabrex, the leading British show, which opened at Olympia in London yesterday.

Miss Cierach's decision is a perfect case of how the buyers see the shows. Fabrex is highly successful; since it started in the spring of 1979 it has become one of the most important exhibitions in the international textiles world.

Even so, it is to Paris that most eyes turn first when the twice-yearly cycle of shows takes place. The success of Premiere Vision has stemmed very much from the drive and direction of Mr Bernard Dupasquier, its director general.

"The show began life as a showpiece for the weavers in Lyons," he says, "and we brought it to Paris in order to be next to the Fret a Porter, the big ready-to-wear exhibition."

"When we arrived, in 1974, we had just 15 exhibitors who wanted to show their fabrics to a wider audience and create a new image for their goods. We did not become a national exhibition until 1977 when we felt strong enough to select the companies we wanted to participate and to group the products on the stands."

Like all the fabric shows, Premiere Vision is held twice a year, in the autumn and the spring. Last week the halls at the Parc des Expositions were full and Mr Dupasquier was under pressure to admit more.

This policy adopted by the French is in direct conflict with that taken by Interstoff, the third largest fabric show, Run by Frankfurt municipality, it has more than 1,000 exhibitors and could absorb both Premiere Vision and Fabrex without flinching.

Fabrex is attempting to broaden its attractiveness, and among its 450 or so exhibitors will be, for the first time, 19 British and other European leather tanneries. It also has 88 professional designers. Unlike Premiere Vision, both Fabrex and Interstoff have always placed much more emphasis on their international clientele.

With Gallic indifference, Premiere Vision excluded foreigners until 1980 and Mr Dupasquier conceded it was only "market pressure" that brought about the change. "People came here and wanted to see everything and everyone. In the end we had to give in to their wishes."

Since admitting foreigners, Premiere Vision has gone the whole hog and now a majority

It is to Paris that most eyes turn first when the twice-yearly cycle of shows takes place

of the stands are occupied by companies from a wider range of countries, but not including the US and Japan. Premiere Vision, with 285 foreigners of 500 exhibited in a European show; Fabrex and Interstoff are international.

Part of the success of Premiere Vision stems from the fact that it is in Paris. Although there have been some grumbles that the show has moved to the modern Parc des Expositions, near Charles de Gaulle airport, rather than in the centre at the Porte de Versailles, these are not taken very seriously.

Its success reflects the strength of the French industry, which is still recognised to be one of the best in the world.

Premiere Vision still has some drawbacks compared with its competitors. It imposes a uniformity on display space, every stand having the same partition, about 3 ft 6 in high, around it and every one having the same lighting. In Frankfurt

many of the stands are blocked off, impossible to see into unless the buyer goes through the opening.

It is in the field of design that Fabrex scores. Each exhibitor can put up its own stand to its own design and some stands, such as those taken by Courtaulds, the International Wool Secretariat and ICI Fibres are attractive in their own right.

London, too, is more imaginative in showing how the fabric looks when it is made up into clothes. Most of the fabrics at Paris hang in swatches from rails; the theme of London is to show how that fabric can be translated by the garment manufacturer.

Mr Dupasquier does not see Premiere Vision as in direct competition with Fabrex and Interstoff. "Our challenge is the market. We have good relations with the others because it is good for the industry. That is what we all serve."

The shows this year - Interstoff is held later this month - come at a time when demand is picking up after a worrying drop up to Easter. Mr Christopher England, managing director of Jonathan Thorp, of Halifax, said in Paris last week that the level of inquiries had been very high indeed. "The buyers are here and they are very interested in buying."

British Telecom, Mitsui in touch screen venture

BY TERRY DODSWORTH

BRITISH Telecom, the UK telecommunications company, is to begin Japanese distribution of City Business Systems (CBS), its specialised touch-screen financial dealing board, through a subsidiary of Mitsui, the Japanese trading group.

The screen system is already used by a number of Japanese companies in their international operations, and sales in Japan this year are expected to be worth in excess of £2m. But in order to attack the basic Japanese market, CBS has been developed to use Kanji characters for the visual display screens. The new version will use 1,800 Kanji characters, with translation from English to Japanese by Mitsui.

The CBS system features a television screen which doubles as a data display and touch keyboard which can be used by dealers for consulting company information, and for sending and receiving telexes.

Since British Telecom launched CBS in 1982, it has sold 160 systems world wide, of which 90 have been overseas and 70 in London. Around 5,000 screens are in operation.

No details of the financial transaction with Mitsui were disclosed.

Credit Lyonnais in Airbus deal

CRÉDIT LYONNAIS of France will co-ordinate financing for the purchase by Air France of six wide-bodied A310-300 jet airliners from Airbus Industrie, Reuters reports from Paris.

The financing will be for a total \$460m.

Other members of the financing group are Banque Paribas and Commerciale Extérieure (BCE) and Banque Indosuez of France, Dresdner Bank and Kreditanstalt fuer Wiederaufbau (KfW) of West Germany and Midland Bank of the UK.

Progress at Morocco talks

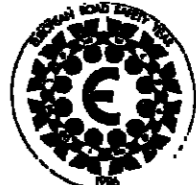
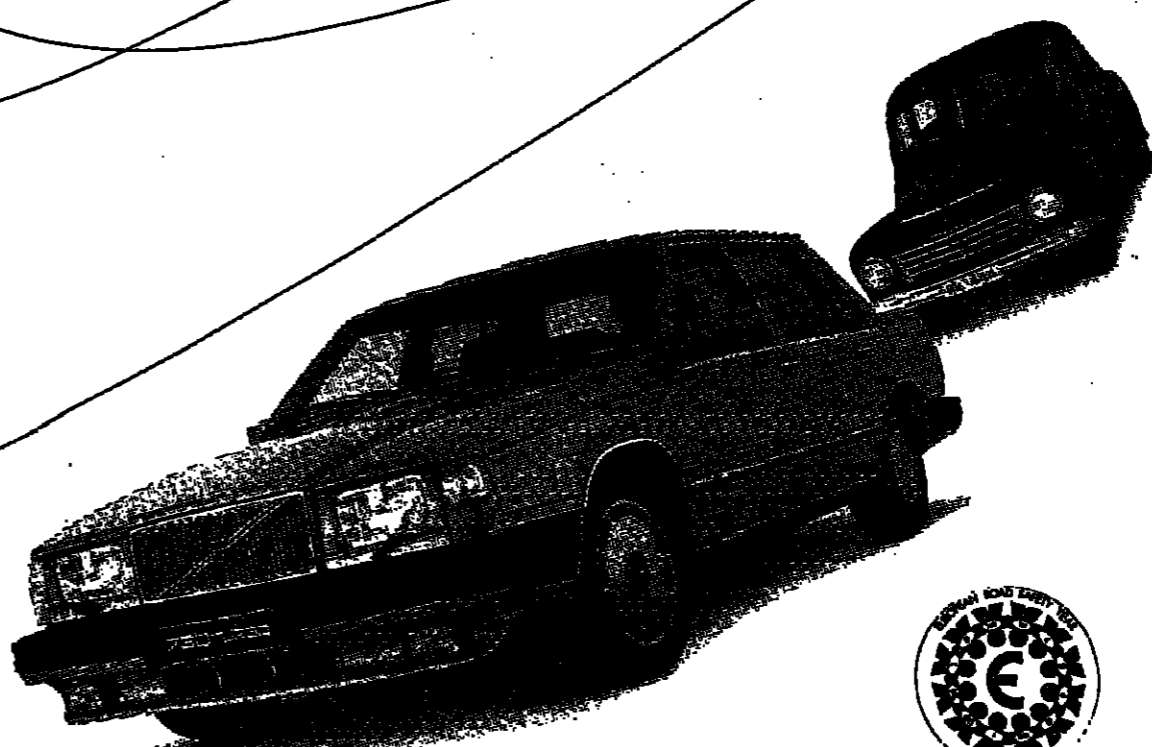
TRADE TALKS between the US and Morocco have "made considerable progress" in clearing the way for Morocco's admission to the General Agreement on Tariffs and Trade (GATT), AF reports from Morocco.

Mr Tahar Masmondji, Morocco's Commerce and Industry Minister, and Mr Clarence Brown, US Deputy Secretary of Commerce, had talks in Rabat on Monday and yesterday to negotiate the removal of US objections to Morocco's GATT membership.

IT'S BEEN ROAD SAFETY YEAR AT VOLVO EVERY DAY FOR MORE THAN 40 YEARS.

- 1944 Laminated windscreen
- 1944 Safety cage
- 1954 Windscreen defroster
- 1956 Windscreen washers
- 1956 Safety steering column with shear coupling
- 1957 Front 2-point safety belt anchorages
- 1958 Rear safety belt anchorages
- 1959 Front 3-point safety belts fitted
- 1960 Padded instrument panel
- 1965 Brake servo and rear pressure limiting valve
- 1966 Rear window defroster
- 1966 Triangle split braking system
- 1966 Anti-burst door locks
- 1966 Roll-over bar in roof
- 1966 Impact-absorbing body sections front and rear
- 1966 Multi-adjustable safety seat
- 1966 Impact absorbing steering column
- 1967 Seat anchorage of safety design
- 1967 Rear safety belts fitted
- 1968 Head restraints front
- 1968 Heated rear screen

- 1969 Inertia reel belts front
- 1971 "Fasten safety belts" warning light
- 1971 Inertia reel belts rear
- 1972 Child proof door locks
- 1973 Headlight wiper/washers
- 1973 Side impact members in doors
- 1973 Crumple zone in steering wheel
- 1974 Shock-absorbing bumpers
- 1974 Multi stage impact-absorbing steering column
- 1974 Fuel-tank isolated and protected from rear impact
- 1974 Bulb integrity sensors
- 1974 Audio-visual belt reminder
- 1975 Stepped-bore brake master cylinders
- 1975 Day running lights
- 1975 Anti corrosion brake pipes of special alloy
- 1979 Wide angle rear view mirror, eliminating "dead zone"
- 1982 Anti-submerging guards in seats
- 1982 Fuel tank forward of rear axle
- 1984 Non-locking brakes (ABS)
- 1985 Electronic traction control (ETC)
- 1986 Safety belt pre-tensioner



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nesday October 8
Indonesia to repay cash debt in gas
 by John Murray-Smith
 The world's largest gas producer, Indonesia, is to repay its \$1.5 billion of cash debt in gas over the next five years, according to a report by the International Energy Agency (IEA) in Paris.
 The report says that Indonesia will repay its debt by supplying gas to Japan, South Korea and the United States. The gas will be supplied under long-term contracts, and the repayment will be made in the form of gas bills.
 The IEA report also says that Indonesia will supply gas to Japan for 25 years, to South Korea for 15 years, and to the United States for 10 years. The gas will be supplied at a price of \$1.50 per million British thermal units (BTU).
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Progress at Morocco talk
 The talks between the Moroccan government and the International Energy Agency (IEA) in Paris, aimed at securing gas supplies for Morocco, are progressing well, according to a report by the IEA.
 The report says that the Moroccan government has agreed to supply gas to the United States for 10 years, and to South Korea for 15 years. The gas will be supplied at a price of \$1.50 per million British thermal units (BTU).
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JSC/MS Holdings Inc.

a newly formed company jointly owned by
Jefferson Smurfit Corporation, a subsidiary of Jefferson Smurfit Group plc,
and The Morgan Stanley Leveraged Equity Fund

has acquired

Container Corporation of America

a wholly owned subsidiary of

Mobil Corporation

The undersigned initiated this leveraged buyout transaction, structured the joint venture, negotiated the terms of the acquisition and the senior debt financing, and acted as underwriter for the subordinated debt financing.

MORGAN STANLEY & CO.

Incorporated

September 30, 1986

This announcement is neither an offer to sell nor a solicitation to buy any of these securities. The offer is made only by the Prospectus.

\$680,000,000

JSC/MS Holdings Inc.

which will operate under the name

Container Corporation of America

\$180,000,000 Senior Subordinated Debentures due 1998

\$500,000,000 Subordinated Discount Debentures due 2006

The undersigned acted as underwriter for these securities in connection with the leveraged buyout of Container Corporation of America by a newly formed company jointly owned by Jefferson Smurfit Corporation, a subsidiary of Jefferson Smurfit Group plc, and The Morgan Stanley Leveraged Equity Fund.

MORGAN STANLEY & CO.

Incorporated

September 30, 1986

DAY




LVO
LVO Sales

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

SCORES OF small American flags — normally used for parades or state visits — were hanging over the workstations in Howmet's large precision casting plant at Whitehall in Michigan.

"After all we are in the Midwest of America," says Robert Cutler, head of the casting division of Howmet Turbine Components — itself a subsidiary of Pechiney, France's nationalised aluminium group. "The flags went up not because we don't like the French but because the Americans bombed Libya and the US aircraft all had Howmet parts. They've stayed up ever since."

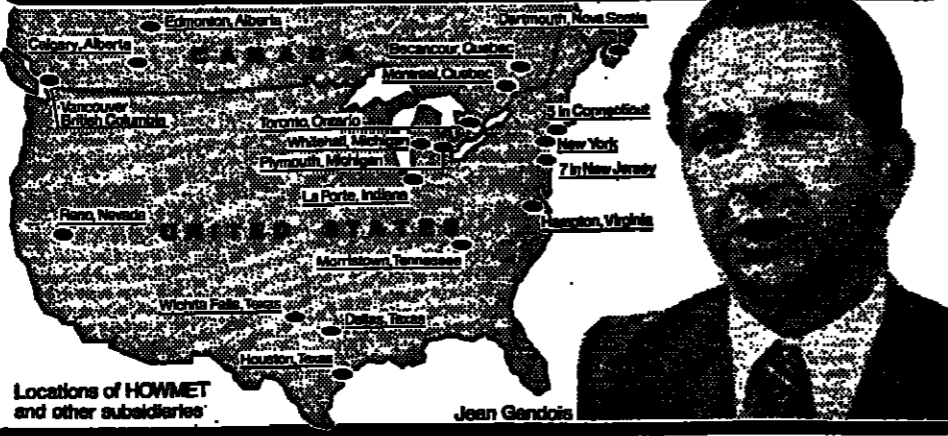
Howmet has been 100 per cent owned by Pechiney since 1975. But despite its French ownership — Pechiney began slowly acquiring Howmet with an initial 40 per cent stake back in 1968 — the American company has remained remarkably independent of its French parent and developed during the past decade into the leading world manufacturer of sophisticated investment cast components for jet aircraft and other gas turbine engines.

"There is no jet engine flying in the free world which does not have a Howmet part in it," claims Joe Mallard, the chief executive of Howmet Turbine Components, who does not speak a word of French. The company today is probably the single most profitable part of the French aluminium and special metals group which was nationalised four years ago by the Socialists and is now due to be privatised by the conservative government of Jacques Chirac.

The French group, which has undergone heavy restructuring during the past four years, has just reported a sharp fall in first-half earnings this year to Yfr 104m (\$11m) on sales of Ffr 18bn (\$1.9bn) from profits of Ffr 451m on sales of Ffr 20bn in the first six months of last year. All the group's main business sectors turned in disappointing first half results with the notable exception of the fine metals and new materials division — which includes Howmet Turbine, the profits of which continue to advance despite the decline in the US dollar's value.

Howmet's performance and development during recent years while its parent was struggling has increasingly turned it into a pointer for the French group's future strategy of boosting its presence in high technology metal sectors. It is also a rare example of a successful US investment by a large French company where other groups like Renault, with its \$750m investment in American Motors have so far been singularly unsuccessful.

Pechiney in North America



Howmet: a blueprint for Pechiney's future

Paul Betts on the French group's most successful subsidiary

JEAN GANDOIS, the former chairman of the French Rhone-Poulenc chemicals group and a specialist in the steel industry, has wasted no time in making his mark at Pechiney. Gandois became the fourth chairman in as many years of the French nationalised aluminium and metals group in July when he was appointed by the new conservative Government, together with a series of other chief executives to head state groups due to be privatised.

Initially, his appointment was widely expected to be replaced. Fache has since been appointed to head the French coal board as a consolation prize. Since his arrival at Pechiney's discreet headquarters in the Rue Beizac in Paris, Gandois' direct American business management style appears to have shaken the smooth and normally low-key profile of the long-established French group with its "bon chic bon genre" urbane image.

Gandois acknowledges that Pechiney would probably have been "dead" if the two previous chairmen, Georges Besse and Bernard Fache, had not undertaken a radical restructuring of its operations and debts. But Pechiney, despite its return to profit, still faces major strategic problems, says Gandois; these include resolving the troubles

of its loss-making copper fabrication business, improving the competitiveness of its primary aluminium business at a time of fierce competition in the market, and developing new high technology metal. From the beginning, Gandois, one of France's leading industrial troubleshooters, has adopted a high public profile in contrast to his immediate predecessor, Gandois used the recent official opening of the new Becancour aluminium smelter in Canada and his visit to Pechiney's US subsidiaries to spell out his management priorities and to issue a strong warning over the future of aluminium production in France.

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By concentrating on its precision casting expertise and its lost wax technique (one of the oldest metal forming processes in the world), Howmet Turbine's American management has enabled the Pechiney subsidiary to triple its sales during the past 10 years. Unlike the parent company, which is involved in a wide range of diverse activities and markets, Howmet has stuck to the aircraft engine business which has proved a thriving niche market for the US concern. The company expects its sales, boosted by the resurgence in the world aircraft industry, to reach \$800m this year and

Pechiney's Desmarquet ceramics subsidiary in France to collaborate in the development of high performance ceramics.

During the past three years, Pechiney has made increasing efforts to develop its presence in new high technology metal and materials sectors like ceramics. These efforts are now likely to be stepped up, Jean Gandois, the new chairman of the French group, says he wants to reduce the current weight of primary aluminium and metal production in the group's overall turnover by increasing Pechiney's presence in new high value-added businesses.

Gandois also intends to increase the group's presence on the US market through new acquisitions.

However, as a sign of the manner in which the French group's strategy is moving, Gandois confirmed that Pechiney was interested in selling half its 51.1 per cent stake in the Becancour aluminium plant in Quebec. The plant was built at a cost of \$1bn and with a capacity of 230,000 tonnes a year and was officially opened last month.

Negotiations with Reynolds Metals of the US over the sale of half Pechiney's share in the Quebec project are still continuing, but Gandois explains that with the over-capacities in the world aluminium market it made sense to shed part of Pechiney's stake in the new Canadian smelter. Not at any price, however, he added.

"Although aluminium, unlike steel, is not a material in recession, it is a mature product with low growth prospects in coming years," explains Gandois, who recently helped restructure the Belgian steel industry and subsequently prepared a report for the new French Government on the troubled French steel sector. It is for this reason that Gandois is anxious to expand Pechiney's presence in new high technology metal and material fabricating fields like ceramics, carbon products, and high value added and profitable operations like Howmet's sophisticated casting operations.

If Pechiney and Howmet intend to collaborate more closely than in the past, this in no way implies that Howmet will lose the high degree of autonomy it has enjoyed so far under its French parent, both during the recent period of nationalisation and before.

Gandois made this clear when he said that should Howmet decide one day to diversify into new fields, it would be up to the American subsidiary to make its own strategic choices. "When a subsidiary is as successful as Howmet in its business, it is obviously up to it to be in charge of the development of its activities," he says.

Why Plessey switched its strategy in the US

David Thomas explains the UK group's plans for Stromberg-Carlson

"WHEN YOU go through an acquisition, your plan may not be that detailed. Our aim was to get into the American market and the assumption was that we'd bring in System X. But when we looked at the investment needed to convert a European switch into an American switch, it just wasn't on."

So says Ernest Jones, the Englishman who is president of Stromberg-Carlson, the Florida based telecommunications equipment subsidiary of Plessey, the UK electronics group, pointing out an interesting turn of events since Plessey acquired the loss-making company in 1982.

Plessey has abandoned its original ambition: that of exporting System X, the public switch which notoriously has failed to win large orders outside the UK, through Stromberg-Carlson.

Yet Plessey has come up with an alternative strategy which it hopes will boost the Florida company's turnover to \$600m from the current level of around \$135m by the end of the decade. This strategy involves two bold assumptions.

First, that Stromberg-Carlson, with only about 1,500 employees, can compete with small switches in the newly liberalised US telecommunications market contested by some of the world's largest and best-resourced companies. Second, that it need not enter the large switch market with something like System X.

To justify this small-but-beautiful approach, Stromberg-Carlson stresses that the small to medium switch market in the US is huge. Some 96 per cent of lines in the US are connected to smaller switches, those with less than 25,000 lines. Only 0.3 per cent are connected to the very largest switches, those with more than 50,000 lines.

companies. But Stromberg-Carlson now faces a new challenge: to break into the seven Bell regional operating companies, each almost the size of British Telecom.

They are looking for new equipment to compete with their traditional suppliers, American Telephone and Telegraph and Northern Telecom, in the wake of the more competitive environment which has followed the breakup of the Bell system in 1984.

By trying to sell smaller switches, Stromberg-Carlson believes it can sneak into the Bell companies while the other new market entrants, such as the West German Siemens and the Swedish Ericsson, are fighting over orders for the larger switches. "We want them to maul each other at the top end," says Ernest Jones.

Bulk orders

Stromberg-Carlson already has field trials under way for its switch from two Bell companies, BellSouth and Pacific Telesis. Plessey hopes these trials, a crucial stage in the Bell companies' way of evaluating equipment, will lead to bulk orders next year.

David Dey, brought in last year from IBM to be managing director of Plessey Telecommunications, stresses how crucial the Bell orders are. "Stromberg-Carlson still has a future without them, but it would be a very different future."

Sean White, an analyst with Northern Business Information, the New York-based market consultancy, is impressed by Stromberg-Carlson's approach. "Plessey has steered them back into a niche strategy and it's working," White says. "Stromberg has more room to manoeuvre because the technical demands at the small end of the market are less rigorous."

White thinks that Stromberg-Carlson will win Bell orders because, he says, only Northern Telecom is competing vigorously at the smaller end. However, Richard Taitman, an analyst with California-based Dataguest, is not so sure. "He believes that 'Stromberg's takeover by Plessey has given them a vision which they lacked before,' but he adds:

"They will have to work very hard to win mass orders in the Bell companies." Stromberg-Carlson's perception of the public switch market is just one part, albeit the most important, of Plessey's new strategy. There are two other main elements to its plans.

First, Plessey has started exporting its payphones and lightweight transmission systems to the US through Stromberg-Carlson. Plessey's US subsidiary has brought it two big advantages in these markets.

First, Stromberg-Carlson's knowledge of the complex US market and existing customer base: "We found addressing the American market much easier than it would be if we went it alone," David Dey says.

Second, Stromberg-Carlson's name: Plessey's payphones in the US are identical to those in use in Britain, except that they carry the Stromberg-Carlson name.

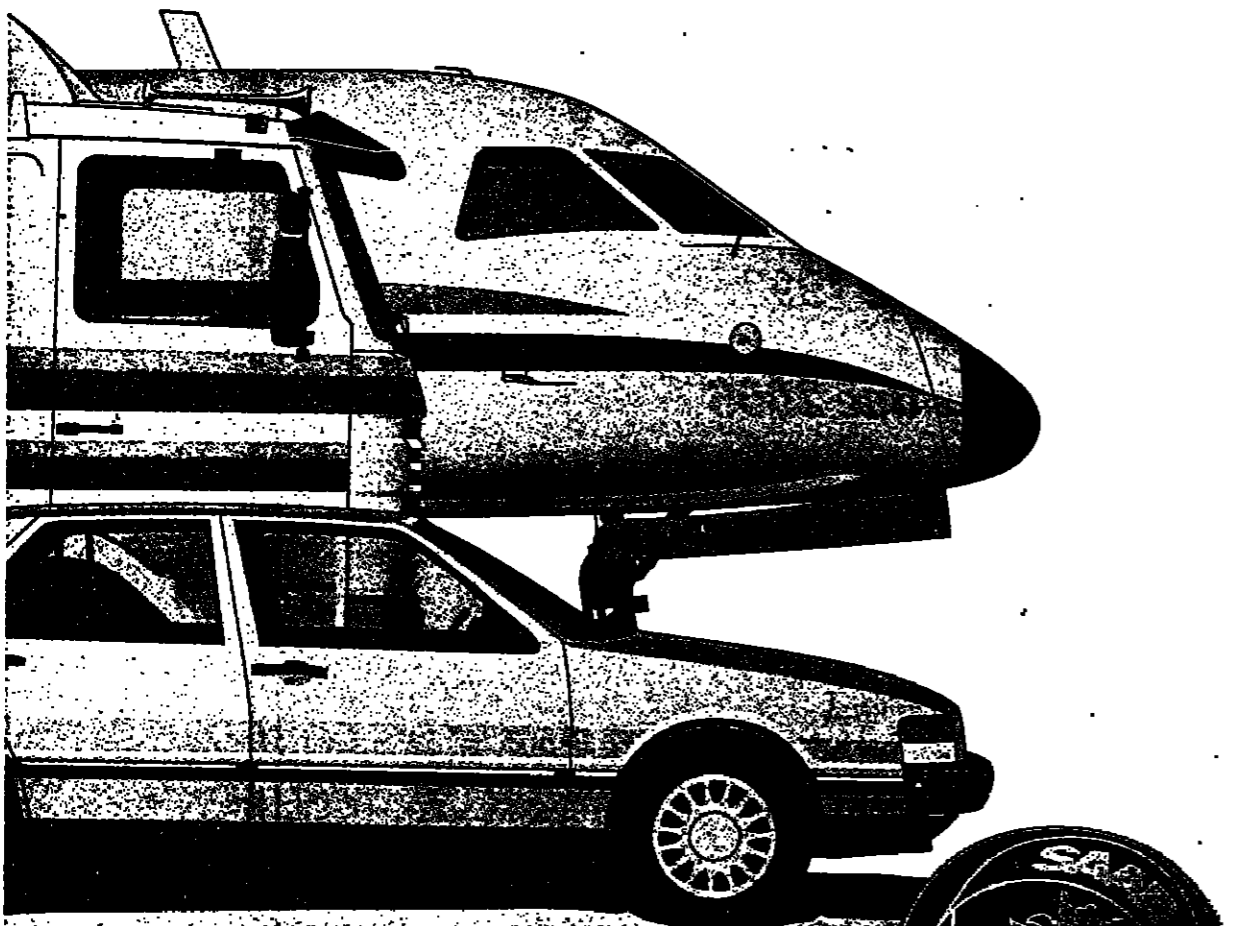
Sharing development Plessey is transferring some of the technology developed for System X to Stromberg-Carlson so that the next generation of features can be added to its public switch.

While the technology flow is mainly from Plessey to Stromberg-Carlson, it is not entirely one-way. Plessey has learned from its US subsidiary more about Centrex, a service which offers on a public switch many of the facilities available on private branch exchange. Industry analysts believe that Centrex is likely to take off in Europe soon.

Taken together, therefore, Plessey has devised for Stromberg-Carlson a significantly different strategy from that which other European companies like Siemens and Ericsson are trying to penetrate the US market. It is already bearing fruit to the extent that the company is expected to move into profit this year. Analyst Sean White believes it is much less risky than the attempt by Siemens and Ericsson to win orders from the Bell companies for large switches. However, it offers correspondingly fewer rewards.

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"They will have to work hard to win more orders from companies."

A former person in Stromberg-Carlson's public relations department says that the company's strategy of placing its products in the US market is "not very successful."

Stromberg-Carlson's US market share is "very low," says the former person. "We found that the American market is much more competitive than it was in the past."

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ve Readers

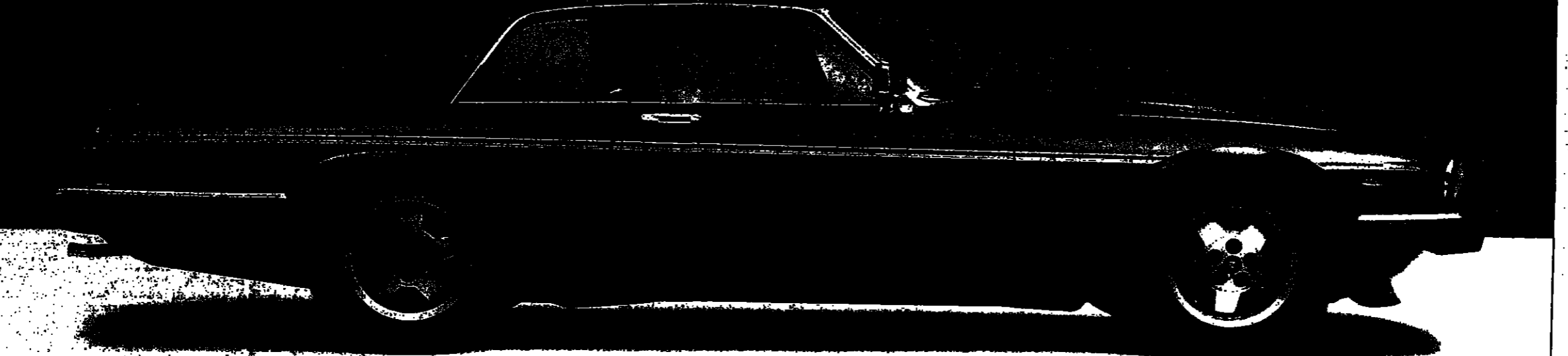
V. Fast.



51 SILK CUT
JAGUAR Castrol

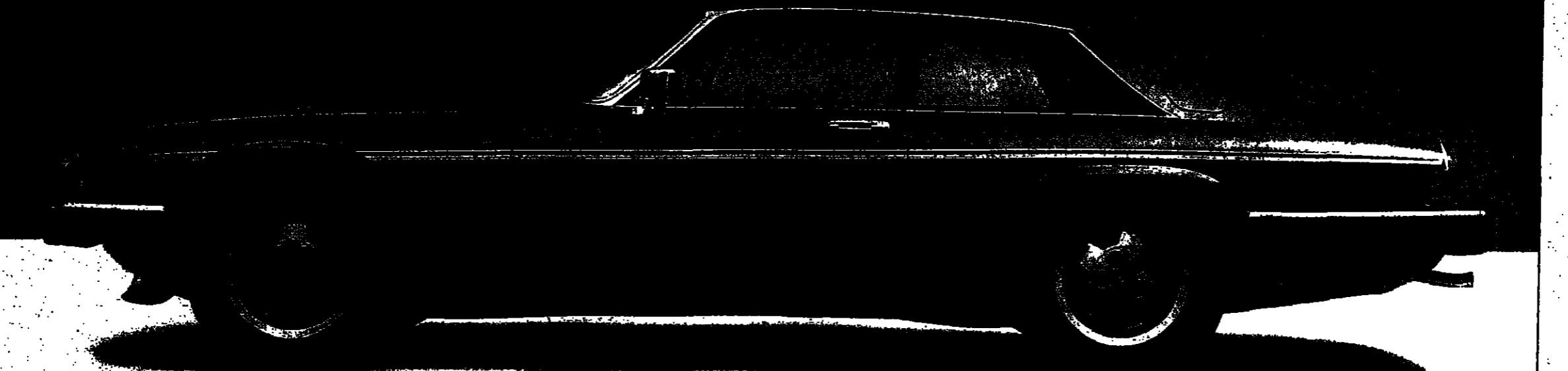
THE XJR-6. 6.0 LITRE V.12. MAXIMUM SPEED, 230 MPH. AVAILABLE ONLY TO DEREK WARWICK, EDDIE CHEEVER, JEAN-LOUIS SCHLESSER, AND GIAN-FRANCO BRANCATELLI.

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TECHNOLOGY

A scanner more suited to European checkouts

By Geoffrey Charlish
SUPERMARKET BARCODE scanners extending only 120 mm below checkout counter level and occupying an area of only 440 x 200 mm have been introduced by Spectra-Physics Retail Systems.

Called Flat-Top SL, the machine can be built flush into the smallest checkout counter-top and still give plenty of room for the user's knees below. Spectra-Physics believes the design removes the last important constraint to using scanners in Europe: most of the early designs were based on US practices where the check-out assistant stands up, permitting a bulky under-counter design. In Europe, these machines had to be awkwardly placed to one side of the seated position.

The new system, flush mounted, allows items to be easily slid over the glass aperture, with any orientation of the barcode label and with 98 per cent correct reading on the first pass.

Spectra-Physics has laser manufacturing facilities in the US and has made 100,000 installations of previous scanners throughout the world. It has headquarters in Darmstadt, Germany (6151 7690).

North America enters age of angelic cabbies

BY BERNARD SIMON IN TORONTO

PERSUADING a North American taxi driver that someone else has a better idea than he for operating his service more efficiently is never easy. As one Toronto operator comments: "In the cab business we're cynical about any innovation."

However, Gandalf Technologies, an Ottawa-based supplier of electronic data communications equipment, has had considerable success in weaning cabbies from the traditional crackling radios which have helped make them a breed of their own on the road.

Taxi companies in four US cities (including New York and Indianapolis) and a handful of Canadian centres have spent up to C\$1m (US\$720,000) each on Gandalf's new computerised dispatch system. Gone from their offices are the antiquated conveyor belts carrying handwritten messages from telephone operators to crusty dispatchers.

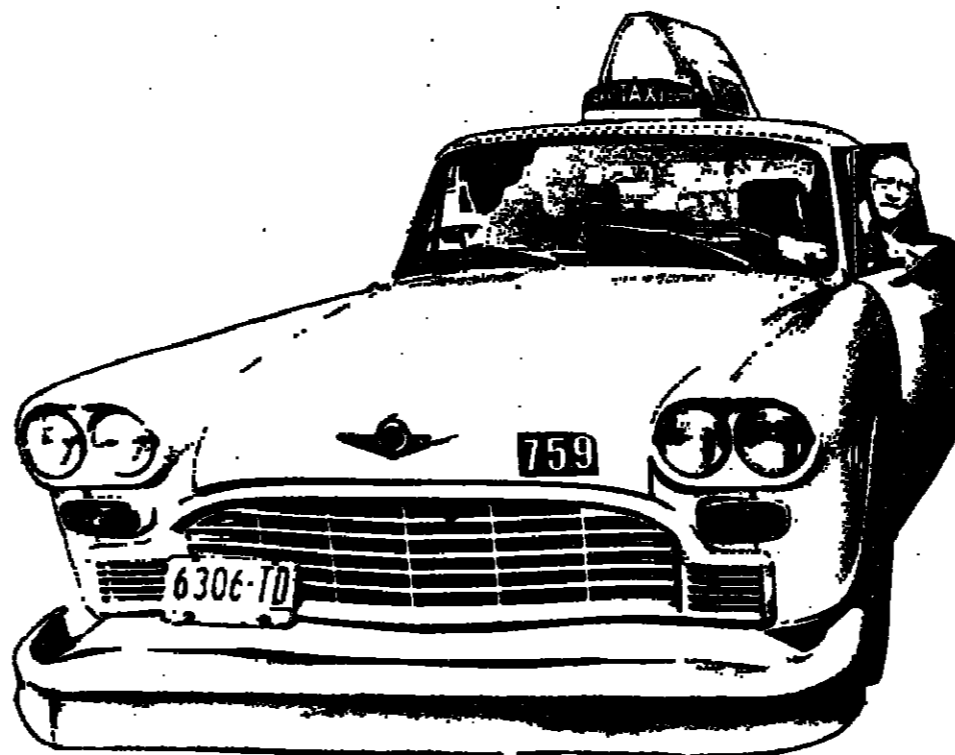
In their place are systems using hardware from DEC, the world's second largest computer company. This allocates fares in sequence and spares passengers the irritation of

having to endure a dispatcher's rasping voice on a radio trying to sort out squabbles among drivers chasing the same fare.

When a fare contacts the taxi company the call is keyed into the computer. In turn calls are transmitted in sequence over the company's existing radio frequencies to mobile data terminals in each cab. The system has a data base of all city streets and other major points of reference (11,000 altogether in Toronto) and each city is divided into geographical zones.

Drivers join a computerised queue in whichever zone they choose. To identify which zones are busiest, they can scroll through the data base of calls using an on-line screen in their cabs. By means of a key-pad, they can accept or reject fares allocated to them (each cab has its own identity "tag" in the form of a chip, ensuring no driver can intercept another's messages).

When a fare is offered to a cab the area in the zone is identified by the computer. If the taxi driver then accepts the fare full details are released



Gandalf's computerised dispatch system, costing up to C\$1m, has been taken on board by taxi companies in the US and Canada. This has allowed staffing levels to be cut and drivers' levies to be raised.

Gandalf provides software to suit each customer's needs. To cope with peak evening demand in Manhattan, Bell Radio Taxi of New York has a system called "shared ride" which directs a driver to two fares in the same area heading for roughly the same destination. Drivers in Orlando, Florida, can

use their terminals to debit customers' account on the main computer.

Yellow Cab in Indianapolis has been able to cut three dispatchers from its payroll, by installing the system. Mr Richard Hunt, president of the company, says the system has made little angels of his

drivers. With the computer allocating fares to drivers in strict sequence, complaints of dispatchers favouring their friends have dried up.

Diamond Taxis in Toronto raised its drivers' levy by C\$100 a month (to C\$285) when it switched to data communications in August.

US looks to improve conservation techniques

By Peter Marsh

FROM imitation snakes that deter birds from defacing on important monuments to novel satellite techniques to detect buried archaeological remains, new technologies can play an increasing part in preserving the heritage of the US according to that country's Office of Technology Assessment (OTA).

The office, a research arm of Congress, points out, however, that the US has some way to go in ensuring that the right techniques to conserve ancient artefacts are made available. Often scientific methods appropriate to preservation have been developed for use in science and engineering but have not been adequately adapted for discovering or documenting historic remains.

In a recent report, the OTA claims that European countries are often further ahead in application of new ideas to enhance enjoyment of their national heritage. For instance, West Germany has better methods for recording historical structures by such methods as photogrammetry, or stereo photography.

Archaeologists in Britain are, according to the report, employing advanced chemical and physical methods to analyse ancient paintings. France has developed a sophisticated airborne scanner for investigating landscapes. In preserving submerged wooden ships and ancient rock paintings, the Europeans are world leaders.

Not all technical methods employed in conservation have

to use the latest scientific breakthroughs, says the OTA. For instance, the US National Park Service uses hidden ultrasonic devices to frighten birds, stopping them from roosting in sculptures. Artificial snakes left in monuments work wonders in reducing bird droppings.

Among the new techniques which appear promising are computerised storage methods. Optical disks, which can store vast amounts of data, could aid the analysis of information from archaeological digs and other surveys. Scientists can use a gamut of methods, from X-ray instruments to the use of gamma rays in analysing materials obtained from centuries-old buildings, for instance.

People connected with preservation could do more to borrow engineering techniques from industry. Underwater archaeologists, for example, can benefit from a closer collaboration with the oil and gas exploration industry, which uses methods such as sonar techniques to look for objects such as pipelines.

Space technology has, says the OTA, much to offer. Radar scans from the space shuttles have provided interesting geological information and can also detect objects buried beneath the surface of deserts.

"Technologies for Prehistoric and Historic Preservation, Office of Technology Assessment, US Government Printing Office, Washington DC.

Japanese take different line on rail travel

JAPANESE TRAINS using linear motors, a 29-year-old British invention, will operate commercially by 1990 in the northern city of Asahikawa.

Japan Airlines developed the six kilometre (3.7 miles) system and will operate the service. It claims this will be the first truly commercial operation of such trains. About \$60m has been spent on the project.

In the basic linear motor, invented by Professor Eric Laithwaite (Imperial College, London), the outside, stationary part of an electric induction motor (the stator) is laid out flat to form a continuous winding along the track. The driven part, the rotor, is an integral part of a train axle which rotates and drives the train along.

In modern versions, a design variation allows magnetic fields to be generated which raise the train (which has no wheels) just off the track while driving it forward.

A 0.62 km system has been in operation for two years in the UK. This runs between Birmingham Airport and Birmingham International railway station and was developed by British Rail Engineering at Derby. In addition, Messerschmitt

Bolkow Blohm is operating its Transrapid 06 on a 21 km track next to the Ems Side Canal in Germany. All the systems have the advantage of quiet, efficient running, consuming very little energy due to the absence of friction.

WORTH WATCHING

Edited by Geoff Charlish

CD-ROM VIEWING systems in prototype form have been announced by Hitachi of Japan. These are able to retrieve high definition graphics from a compact disc and display them on a high definition monitor. Originally developed as an image storage and retrieval system for the Japanese Patent Information Office, the Hitachi RVC-1 viewer/controller will be available in Europe next year.

A commercial version with laser printer, A4 monitor and CD-ROM (compact disc—read only memory) drive is planned for integrated image, data and graphics storage/retrieval in the office automation and electronic publishing markets. More in the UK on 01 848 8787.



Portable telephone from TMS features a range normally associated with in-vehicle equipment

The briefcase telephone which packs more punch

BRIEFCASE PHONING equipment, put on the market by TMS of Woking, Surrey, UK (04522 30231), has the advantage that a phone call can be made from virtually any location, but with the transmitter power normally associated with a vehicle cellular telephone.

Called Commcase, TMS's unit contains a Motorola transmitter/receiver with nickel cadmium batteries for two hours continuous speech transmission, directly rechargeable from 240 volt mains. Other "bolt-on" facilities include telex, facsimile, a computer interrogation unit and a phototransmitter that

will send a picture to any location in the world that has a telephone. Commcase costs \$295.

MICROPROCESSOR POWER continues to rise, allowing desk-top computing systems to deal with more information more efficiently.

The M68030 is the latest development from Motorola, of the US. This is a 32-bit chip for which the company claims twice the performance of its current 16-bit device, the M68020. Technical improvements on the chip have increased the power.

Software developed for previous 68000 series devices can be used with the new processor, which is aimed at the next generation of engineering workstations (computer-aided design for example), at advanced office automation systems and at telephone exchanges.



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INDIAN INDUSTRY

John Elliott on the new structure of an Indian business giant

Shake-up keeps Birlas in control

A SHAKE-UP of complex family financial holdings is taking place inside the Birla industrial empire, one of India's two largest groupings of companies. The changes come three years after Mr G. D. Birla, the undisputed head of the family, died at the age of 89.

The reorganisation will for the first time give companies to some daughters in the male-dominated empire. It is aimed at sorting out questions of ownership and succession, and at avoiding some of India's restrictive industrial controls, while Mr G. D. Birla's sons are still alive and active enough to restrain any family squabbles.

The plan, which could result in hefty capital gains tax payments, has yet to be finalised in all its financial details. It will involve all members of the family selling a network of cross holdings in one another's companies during the next two or three years.

Six or seven separately owned Birla groups of companies will then emerge. These will broadly follow and formalise existing lines of managerial control. At present there are about seven almost independent managerial groups which are financially inter-dependent because of cross share holdings.

The groups cover assets conservatively estimated to exceed a total of Rs40bn (\$3.2bn) and have a total turnover of roughly the same amount. The Birlas typically own 30 to 40 per cent of the equity in each company.

The size of the business firmly places the Birlas as rivals to the Tata empire as the largest industrial grouping in India and also makes them the largest of India's leading Marwari caste of businessmen. The Marwaris are often criticised for being unscrupulous

Jains in business. They started out as traders in the last century in the hot western desert state of Rajasthan and moved to the then administrative and commercial capital of Calcutta as traders, developing later as industrialists. They now dominate many sections of

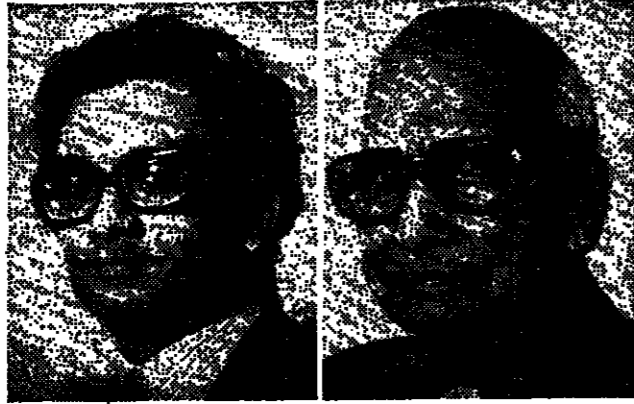
Indian finance ministry in 1984 estimated at Rs2.4bn.

Different branches of the family have stakes in two big new fertiliser plants being built on India's new cross-country natural gas pipeline. Another branch of the family is trying to join the USSR in a

Inevitably there have been rumours of similar splits among the Birlas since the death of Mr G. D. Birla, the youngest of Mr G. D.'s three sons, take on the mantle. Mr L. N. Birla, 76, the eldest son, is an even more retiring figure and has not established himself as one of the family's main industrialists. The middle brother, Mr K. K. Birla, 68, is more of an independent and is both a sizeable industrialist and a member of parliament in Mr Rajiv Gandhi's ruling Congress Party. Also in this generation is an important cousin, Mr G. P. Birla, 64, who would not, however, qualify since he is not a direct descendant of Mr G. D. Birla.

Some of the rumours of dissent have centred round possible jealousy over Mr Aditya Birla, the most successful member of the younger generation. He has been a member of the board of the Reserve Bank of India for the past four years, and is a significant industrialist in his own right. Some other branches of the family have been less successful and there have been questions over who would be given some of Mr G. D.'s companies.

Yet there is no evidence of any serious acrimony among leading members of the different generations in the current operation, which appears to have been instigated in the interests of harmony and industrial efficiency by Mr B. K. Birla. He stresses that family ties, though lesser than in his father's day, will continue. "I



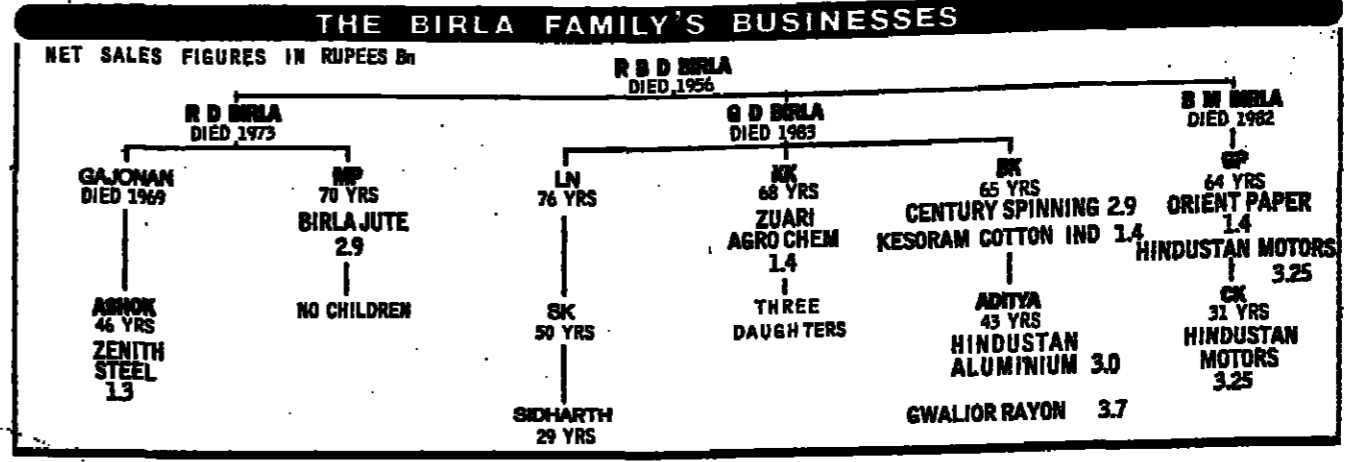
Mr Aditya Birla (left) and his late grandfather, Mr G. D. Birla

Indian industry and fill a majority of the top managerial posts in the Birla companies, where they operate strict financial control system called *partha*, based on daily profits reports to Birla family members.

The Birlas own companies straddling textiles, cement, engineering, petrochemicals, fertilisers, motors, shipping and other industries. They have link-ups with countless international companies such as General Motors, Isuzu, Yamaha, Taylor Instrument, Brown Boveri, Lurgi, Phillips Petroleum. They have set up a string of offshoots in South-East Asia and Southern Africa, which the

joint venture power station in the state of West Bengal, and others are moving into banking and consumer products.

There is little doubt in the minds of many Indian businessmen that Mr G. D. Birla, the effective founder of the modern Birla industrial empire, would not have approved of the split that is being organised. Indeed two of the leading Birlas in the next two generations—Mr B. K. Birla, 68, who is the brain behind the changes, and his son, Aditya, 43—both said three years ago that there would be no splits while Mr B. K.'s generation was still alive and in charge. That view has now changed.



expect that in the future, when we have done all this, there will be the same if not greater affinity between us," he says.

Mr G. D. Birla exerted his authority indirectly. Younger members came to him with their ideas and what he said usually held sway. In 1979 Aditya, then 36, wanted to break new ground by issuing debentures for one of his companies, Mr B. K. objected when consulted, but was won over.

The biggest of the groups within the family empire is that of Mr B. K. Birla and his son, Aditya, who operate separately on a day to day basis. Mr B. K. from Calcutta and Mr Aditya from Bombay. Although they will not confirm any figures, their combined assets are estimated to be in the region of rupees 20bn or more, and they run three of India's top 10 companies measured by assets—Century Spinning and Gwalior Rayon, both textile businesses with assets of over Rs2bn, and Kesoram cotton with Rs2bn.

Mr B. K. controls Century Spinning with a rupees 2.0bn turnover, and a clutch of other companies, while Aditya has Gwalior Rayon (rupees 3.7bn sales), Hindustan Aluminium (rupees 3bn sales), as well as other textiles and gas com-

panies. Aditya also has a 29 per cent stake in a rupees 7bn fertiliser plant being built by Indo Gulf Fertilisers. Last year he tried aggressively, though with little success, to forge a link with ICI of the UK and its Indian explosives offshoot. Abroad he has substantial textile and chemical operations in Indonesia, Thailand and the Philippines.

The next biggest group in the family is thought to be that run by Mr G. P. Birla and his 31-year-old son C. K., who is regarded as one of India's most capable younger businessmen. Their biggest company is Hindustan Motors, which has sales of rupees 3.2bn and is modernising its automotive products with Isuzu cars and trucks from Japan, Caterpillar tractors from the US and transmissions from General Motors.

They also run Paa Africa Paper Mills in Kenya, which is India's biggest joint venture overseas, along with other African interests. In India they are considering plans to expand into petrochemicals.

Next there is Mr K. K. Birla's group, where the biggest companies are Zuari Agrochemical, with sales of Rs400n, and Texaco, in engineering and textiles, with turnover

in excess of rupees 900m. Mr K. K. is also involved in a rupees 7bn fertiliser plant, Zuari Agro Chemicals, on India's new gas pipeline and also controls two shipping companies, India Steamship and Ratnaker Shipping, as well as the Hindustan Times, one of India's leading daily newspapers.

Mr K. K. has no sons and helped spark the current shake up in the family by announcing he intends to pass on some of his companies to his three daughters, Shabana, Nandini and Jyoti. When this happens, the companies involved will formally leave the Birla fold and become part of the husbands' families which include the Foddars, another well-known Calcutta-based Marwari family.

A smaller group is run by Mr M. P. Birla, who has no children and is setting up a trust for his companies which include Birla Jute, with assets approaching rupees 3bn, one of the top 15 companies in India.

Another smaller group is run by Mr L. N. Birla and his son Mr S. K.

Finally there is a rapidly growing engineering and textiles group run by Mr Ashok Birla, 48. He runs Zenith Steel one of the biggest Birla com-

panies, and has recently launched an electric generator joint venture with Yamaha of Japan and is tying up with Waburg, the British merchant bankers, to set up an international investment fund.

In all these groups—almost all of whose investments are profitable—it is the older companies which will be most involved in the planned transfer of shares because there has been less cross-investment in the past 10 to 20 years.

Three closely held corporations hold many of the investments and are to be run by the direct descendants of Mr G. D. Birla—Pillani Investments to be run by Mr B. K. Birla, Sulej by Mr K. K., and J. C. Mills by Mr S. K., and Mr L. N. Birla. One or two companies—such as Birla Brothers—may remain jointly owned, though this has yet to be decided.

At the end of the operation, the Birlas hope that they will escape some of the controls of the monopolies and restrictive trade practices set which was extended two years ago to catch cross-investments, making expansion difficult in many industries where the family as a whole has a dominant interest.

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 - Banque Paribas (London Branch)

Agent SOCIÉTÉ GÉNÉRALE MERCHANT BANK plc

UK NEWS

Row halts all Austin Rover car assembly

By Arthur Smith
AUSTIN Rover halted all car assembly and laid off 12,000 workers last night as the industrial trouble escalated at Lucas Electrical, the troubled components supplier.

Traders prepare for Big Bang qualifying tests

By CLIVE WOLMAN
EXAMINATION BOOTHS on the 21st floor of the London Stock Exchange building are awaiting a rush of several hundred traders who will have to pass a multi-choice examination in order to continue operating in the market after the Big Bang reforms of the City's financial community on October 27.

Pledge to speed up sell-offs by state

By Lisa Wood
THE MOMENTUM of the Government's privatisation programme is to be accelerated, Mr Norman Lamont, Financial Secretary to the Treasury, promised yesterday.

Government to create city technical colleges

By LISA WOOD
PLANS to set up an initial 20 city technical colleges (CTCs), funded by Government with private sector sponsorship, were announced yesterday by Mr Kenneth Baker, Secretary of State for Education.

Tebbit tells party to keep its nerve

By Michael Cassel
MR NORMAN TEBBIT, the Conservative Party chairman, yesterday called on the Government and its supporters to keep its nerve in the fight to "rescue Britain from the dreary failures of socialism."

Conservative Party at Bournemouth

ability children; government financing, but run by educational trusts, not the local education authority; and an emphasis on technology, science, business studies and design in the curriculum.

Cable fracture cuts off City telephone lines

FINANCIAL TIMES REPORTER
BANKING, FINANCE and stockbroking firms in the City of London will be cut off from the outside world for "several days", after builders yesterday drilled through a major telephone cable.

Councils 'must contract out'

BY JOHN HUNT
LEGISLATION to compel local authorities to contract out more services by private tender was forecast yesterday by Mr Nicholas Ridley, the Environment Secretary.

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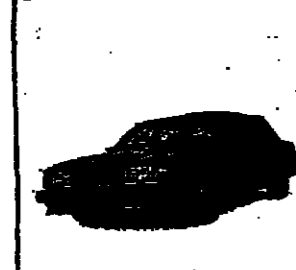
Selective pay rises urged by CBI chief

By Hazel Duffy
SIR TERENCE BECKETT, director general of the Confederation of British Industry (CBI), yesterday urged employers facing skill shortages to keep pay rises selective and not extend them across the board.

British Coal reduces redundancy payments

By Charles Leadbeater, Labour Staff
BRITISH COAL yesterday announced that redundancy payments to miners will be significantly reduced from March 1987 in an effort to stem the hemorrhaging of manpower from the coal industry.

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UK NEWS

Ruling for courts will reduce pre-trial disputes

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE NUMBER of time-consuming court hearings about which country has jurisdiction to try particular disputes will be reduced after January 1 next year.

On that day the 1988 Convention on Jurisdiction and the enforcement of judgments in civil and commercial matters will become a part of the English legal process.

Yesterday the UK ratified the convention, the other parties to which are Belgium, Denmark, France, Germany, Italy, Luxembourg and the Netherlands.

Apart from laying down rules enabling courts to determine who has jurisdiction, the convention will make it easier to enforce judgments obtained in one country in another.

There will be a simple registration procedure that will equate, for example, an English commercial court judgment with a judgment in a French or Italian court for enforcement purposes.

The main rule on jurisdiction will be that a defendant should be sued in the country in which he is domiciled or, in the case of a company, in which it is incorporated or has its central management.

At present it is not uncommon for English courts, particularly the Commercial Court, where there is a very high proportion of non-British litigants, to be bogged down with pre-trial disputes about which is the most convenient jurisdiction for the trial.

After January 1, at least as far as convention countries are concerned, the judge will simply have to refer to the rules to dispose of the dispute.

The Government believes that the convention will have a major application in motor accident claims. A British tourist involved in an accident in France would be able to sue a French driver in Britain and enforce any damages award through the French courts.

Importers boost share of truck market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MAJOR SALES increases by Daimler-Benz of West Germany and Nissan of Japan helped boost the importers share of the UK commercial vehicle market last month to within a whisker of the record.

Imports took 41.3 per cent of total registrations, compared with 35.21 per cent in September last year and the record 41.6 per cent in April 1981.

Daimler-Benz, the Mercedes company, overtook Leyland, the state-owned Rover Group subsidiary, in the medium and heavy truck sector to take second place behind the newly-formed Iveco Ford Truck.

Some 696 Mercedes trucks were registered, up from 533 in September last year, against 690 Leyland trucks, down from 851.

Iveco Ford had a good month because a dealer incentive campaign on the Ford Cargo came to a climax. As a result 982 Cargos were sold against 780 in the same month of 1985 and the combined Iveco Ford registrations in September - 1,521 - accounted for 36 per cent of the sector.

For the first nine months of 1986, of the 41,397 trucks registered (down from 41,871) Iveco Ford accounted for 8,148 (8,705), Leyland

7,022 (6,733) Mercedes 5,644 (4,858) and Bedford, the General Motors subsidiary which is quitting the truck business at the end of this year, 4,028 (4,682).

According to the Society of Motor Manufacturers and Traders, total commercial vehicle sales in September were up by 4.76 per cent compared with the same month last year to 28,600. Registrations for the first nine months were 0.73 per cent ahead at 235,439 with the importers taking 40.14 per cent against 36.85 per cent.

Nissan's push has been in the heavy van sector where in the first

nine months its registrations have nearly doubled from 3,240 to 6,320. The trend continued in September with Nissan heavy van sales up from 429 to 804.

The UK importer says that this is partly due to a recovery in sales of Japanese-built vans from a poor performance last year when there was irregular supply. The company points out that the Nissan Cabstar pick-up, with a gross weight of nearly two tonnes, has no competition in the UK and it expects to sell 3,500 this year against 1,700 in 1985.

This year the privately owned importer has actively promoted com-

mercial vehicle sales now that it is receiving a smooth flow of vans from Nissan's subsidiary in Spain, Motor Iberica, which produces the Vanetta and the Euro Trade van. Total heavy van sales last month were 11,105, about the same as in September, 1985, while for the nine months they fell from 97,182 to 94,564.

Light van registrations in September increased by 13.4 per cent to 8,792 to take the nine-month total to 78,612 (72,721). Light four-wheel-drive vehicle registrations last month advanced by 27.4 per cent to 1,547

Hambros backs merger plan for insurance brokers

BY DAVID LASCELLES

C. E. HEATH and Fielding Insurance, two prominent UK insurance brokers, are engaged in merger talks, it was announced yesterday.

If the talks are successful, the combined company would end up being more than 20 per cent owned by Hambros, the merchant banking group which currently owns 81 per cent of Fieldings and is in support of the merger plan. The rest of the company is owned by members of

the management and their families. Under the terms being negotiated, C. E. Heath would buy Fieldings on a share for share basis. But the merged operation would be managed by Fieldings.

It is understood that Heath, whose profits have been hit by a decline in its broking business and other factors, approached Fieldings and Hambros with a view to a merger. Yesterday's announcement

said that Heath expected "a significant reduction in group profits" for the six months which ended on September 30, and for the full year ending next March. Last year the company earned £30m (£43m) before tax.

Fieldings, on the other hand, has achieved an uninterrupted rise in profits since it was formed in 1975 by Mr R. W. Fielding. In the last calendar year it earned £1.3m pre-tax,

an increase of 25 per cent on the previous year. Hambros revealed yesterday that Fieldings had been considering listing its shares on the stock exchange before receiving the approach from Heath.

In the deal, Hambros would exchange its shares in Fieldings for Health shares whose value would be in the region of £40m-£50m. Health shares have recently been trading around 450p, down from a year high

of 703p. Aside from creating a larger and stronger insurance broking group, the intention of the merger is to improve the breadth of insurance services which Hambros offers through its growing non-banking business, particularly in the home countrywide, the UK's largest chain of estate agents, which it uses as an outlet for financial services.

Vote today on terms for peace at Wapping

By Helen Hague

PRINT WORKERS belonging to the National Graphical Association (NGA) who were sacked by Mr Rupert Murdoch's News International, will vote today on the company's terms for ending the eight-month-old Wapping dispute - only hours before the company's deadline for acceptance.

The decision to delay a decision until today was taken by a meeting of 800 NGA members last night. It decided to take no action on a union leadership proposal which sought to transfer to the NGA national council any decision on whether to end or continue the dispute.

More than 6,000 print workers lost their jobs when News International transferred three of its national titles from central London to a high-technology plant at Wapping in London docklands.

Print workers argued last night that they should remain in control of the dispute, and that the national council should not be given the authority to make a decision on their behalf.

Group Gold Mining Companies' Reports for the quarter ended 30 September 1986

All companies are incorporated in the Republic of South Africa

Driefontein Consolidated

Driefontein Consolidated Limited (Registration No. 69/04689/05)

ISSUED CAPITAL: 102 000 000 shares of R1 each, fully paid.

Table with 3 columns: Quarter ended, Quarter ended, Quarter ended. Rows include Gold - East Driefontein, Gold - West Driefontein, Uranium Oxide, and Financial Results (R000).

Vlaktefontein

Vlaktefontein Gold Mining Company Limited (Registration No. 05/06155/06)

ISSUED CAPITAL: 6 000 000 shares of 20 cents each, fully paid.

Table with 3 columns: Quarter ended, Quarter ended, Quarter ended. Rows include Operating Results (Gold), Financial Results (R000), and Dividend information.

Libanon

Libanon Gold Mining Company Limited (Registration No. 05/06381/05)

ISSUED CAPITAL: 7 957 300 shares of R1 each, fully paid.

Table with 3 columns: Quarter ended, Quarter ended, Quarter ended. Rows include Operating Results (Gold), Financial Results (R000), and Dividend information.

Kloof

Kloof Gold Mining Company Limited (Registration No. 64/0462/05)

ISSUED CAPITAL: 120 900 000 shares of 25 cents each, fully paid.

Table with 3 columns: Quarter ended, Quarter ended, Quarter ended. Rows include Operating Results (Gold), Financial Results (R000), and Dividend information.

Venterspost

Venterspost Gold Mining Company Limited (Registration No. 05/05632/06)

ISSUED CAPITAL: 5 050 000 shares of R1 each, fully paid.

Table with 3 columns: Quarter ended, Quarter ended, Quarter ended. Rows include Operating Results (Gold), Financial Results (R000), and Dividend information.

Doornfontein

Doornfontein Gold Mining Company Limited (Registration No. 05/24709/05)

ISSUED CAPITAL: 10 000 000 shares of R1 each, fully paid.

Table with 3 columns: Quarter ended, Quarter ended, Quarter ended. Rows include Operating Results (Gold), Financial Results (R000), and Dividend information.

Deelkraal

Deelkraal Gold Mining Company Limited (Registration No. 74/00160/06)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid.

Table with 3 columns: Quarter ended, Quarter ended, Quarter ended. Rows include Operating Results (Gold), Financial Results (R000), and Dividend information.

Notes: Copies may be obtained from the United Kingdom Registrar Hill Samuel Registrars Limited, 6 Greencoat Place, London, SW1P 1PL.

GOLD FIELDS OF SOUTH AFRICA LIMITED

UK NEWS

War on Want gets backing of unions

THREE LEADING trade unionists are backing a campaign by War on Want, the Third World charity, aimed at encouraging workers to make donations direct from their wages, Helen Hague writes.

Under new tax regulations which take effect in April, employees will be able to give up to £100 a year to charity, with tax relief if donations are deducted directly from their employer's payroll.

War on Want has established a unit to advise trade unions on how to encourage payroll deduction schemes. The campaign has secured the backing of Mr Ron Todd, general secretary of the Transport and General Workers' Union, Mr Peter Heathfield, the miners' union general secretary and Ms Diana Warwick, general secretary of the Association of University Teachers. It is due to be launched formally at the end of the month.

Under Inland Revenue regulations, charities which take part in the scheme will establish Agency Charities, aimed at taking most of the administrative burden involved away from the employer. In a "Union Aid" booklet published by War on Want, Mr George Calloway, the organisation's general secretary, says "Band Aid has shown the way - the trade union movement can now fulfil the journey."

In his statement endorsing the campaign, Mr Heathfield says "My members understand solidarity. The power of trade unions is needed now - in solidarity with the Third World, in their fightback against poverty and injustice."

UNIONS in Britain had made mistakes in the way they had conducted their affairs and needed to put their houses in order Mr Gavin Laird general secretary of the Amalgamated Engineering Union, said in Glasgow.

Only then will the real purpose of trade unions - representing the interests of their members at the workplace and protecting the economically weak against the economically powerful - become clear again to working people and to society at large.

PEARL Assurance will be marketing up to £150m worth of Midland Bank mortgages each year from February 1987. The link-up will allow Pearl to expand the range of services it offers to its policyholders and Midland to increase its mortgage lending. Pearl will be paid no commission for the business but it expects to benefit from writing the life, property and contents insurance that are often attached to mortgages.

SALFORD University, which suffered worst from the Government's cuts in university funding five years ago, now earns almost 12 per cent of its income by doing research for UK industry and marketing special courses.

Official figures show that Salford's £25.5m recurrent income in 1984-85, £2.3m came from industrial research for UK customers and £700,000 from self-financing teaching activities.

Peers attempt to block bill over sovereignty fear

BY TOM LYNCH
A CROSS party attempt is to be made in the House of Lords today to block the progress of a Government bill enabling reform of the EEC's decision-making processes.

Lord Denning, gave a warning yesterday that the European Communities (Amendment) Bill would endanger British sovereignty and particularly the position of the Queen.

"The Queen is the source and fountain of justice in England. She exercises that through her courts. The royal courts of justice exercise protection for the citizen and there is where I see peril if our courts are not to be Her Majesty's courts, but to be European courts manned not by British judges who have taken the oath of allegiance but by European judges carrying out European law. It seems to me that that may impinge on the sovereignty of the Queen," he told journalists at Westminster.

Lord Bruce of Donington, a Labour peer who is one of the other leading figures in the proposed revolt, said the logical conclusion of the bill would be that the Queen would have the status of "a governor responsible to a higher authority."

The bill brings into UK law the Single European Act agreed by EEC Governments in February. It restricts the use of the national veto in EEC affairs and extends the powers of EEC courts and other institutions.

The House of Commons debate on the bill was guillotined with 55 amendments outstanding after a campaign by anti-EEC MPs. Lord Bruce emphasised yesterday that the peers were not anti-EEC - they were concerned that only limited time for consideration had been earmarked for a measure of such major constitutional importance.

He argued that the power of veto was important to the British people and the implications for sovereignty made it imperative that more time be devoted to the debate on the bill. He predicted that the one allotted day would be exceeded.

The bill is only three pages long, but the seven amendments tabled by Lord Denning, Lord Bruce and Lord Silkin of Dulwich cover six pages. There is no guillotine mechanism for Lords debates.

Lord Bruce said the single European Act would restrict Britain's freedom to deal with international and financial problems.

Independent has day-one sell-out

BY RAYMOND SHODDY

THIS INDEPENDENT, Britain's new national newspaper, was launched yesterday with the good wishes of Mr Max Hastings, the editor of its rival, the Daily Telegraph. On Monday night Mr Hastings sent the former Telegraph journalists who founded The Independent a bottle of champagne with a cheery note "Good Luck. Now we are going to bury you".

Yesterday morning a wreath arrived (origin unknown) which has now been put on the grave of John Buryan, who is buried in a churchyard near The Independent's offices in London's City Road. There was no need for wreaths at The Independent, as the paper claimed a sell-out for its first issue. It is Britain's first new quality daily newspaper for over 130 years.

Mr Douglas Long, managing director of the newspaper said that

650,000 copies had been produced, and with the exception of some areas of London The Independent was delivered on time. "It's virtually a sell-out. We had people coming to our offices looking for copies," Mr Long said.

All the 18,000 copies sent to Scotland were sold as were the 3,000 sent to Northern Ireland. Copies of the paper were also sent to Paris and Amsterdam.

"It looks and feels like an established newspaper yet only six months ago there were fewer than 12 of us sitting here with our seed-corn money," added Mr Long a former chief executive of Mirror Group Newspapers.

Mr Eric Hirstbeck, wholesale operations director at W. H. Smith said that overall distribution went remarkably well and that it had been an extremely good launch.

Mr Matthew Symonds, deputy editor, said the reaction all day had been very positive with many readers calling to say they intended to give up their Times, Guardian or Telegraph.

There was praise yesterday for the clean layout of the paper and the general editorial quality although some people were still remarking on the lack of humour and describing the paper as "worthy".

Ownership of the Independent is spread between more than 30 financial institutions and its own employees. Mr Andreas Whittam Smith, the paper's editor and founder, said yesterday: "Our investors are politically neutral. As long as we provide a return on their investment they will not seek to influence any aspect of our editorial judgment. We are free to make up our own minds on policy issues."



Andreas Whittam Smith

Boardroom switch at Blue Circle

By Nikki Tait

BLUE CIRCLE Industries (BCI), the building materials group, is making boardroom-level management changes in its beleaguered cement division.

Mr Keith Court, aged 52, who joined the BCI board in 1978 and became chief executive of Blue Circle Cement in 1984 will leave in a few weeks' time.

According to Dr Gordon Marshall, the BCI's deputy group managing director, Mr Court's departure represents a "mutual recognition of the current situation" and "was not acrimonious. Normal severance pay conditions would apply, he said.

Mr Court's replacement is Mr James McColgan, at present chief executive of BCI's Mexican associate, Empresa Tolteca de Mexico. He takes up his position as chief executive of the division on November 1, and will also join the BCI board.

The company also announced yesterday that Mr Kenneth Shanks, chairman of Armitage Shanks, the sanitary ware subsidiary, plans to retire at the end of 1986. He will give up his main board seat, which he has held since 1980 when BCI bought the Armitage Shanks group.

Computer experts to back ailing companies

FINANCIAL TIMES REPORTER

MR ROBB WILMOT, former chairman of the ICL computer group, has teamed up with a group of senior executives from the UK electronics industry to launch a novel investment company.

The aim of the new group is to invest in ailing companies in the information industry which need an

injection of fresh management skills and additional finance.

The company, Octagon Industries, intends to capitalise on the company doctor skills of its three management experts from the electronics industry - Mr Wilmot and Mr Geoff Bristow from ICL and Mr Alexander Reid, the former chief executive of British Telecom Spec-

trum who became chairman and chief executive of the Acorn computer concern during its recent rescue.

Mr Reid said yesterday that Octagon Industries expected to draw on a substantial pool of entrepreneurial talent existing among the managers of larger corporations. Managers of this kind will be

brought into the ailing companies acquired by Octagon.

"We are on the lookout for what we call 'corporate entrepreneurs' - managers whose main expertise lies in running medium-sized companies, but who want the excitement and the equity opportunity that is normally associated with doing a start-up," he said.

Subscription television to be studied

By Raymond Shoddy

CSP International was yesterday awarded a contract by the Home Office to look at how subscription television could be implemented in Britain.

The aim is to produce a feasibility study on the recommendations of the Peacock Report that eventually the BBC licence fee should give way to subscription, first for entire channels and later for individual programmes.

"What we would like to do is produce a detailed picture of the broadcasting environment of the early 1980s and see how subscription fits in," Dr Charles Jonescher, managing director of CSP, said yesterday.

The specialist consultancy is already at work on a large project for the Department of Trade and Industry on the possibility of the commercial pricing of radio frequencies.

The subscription report, which has to be produced in six months, will look at the present state and cost of subscription technology and public attitudes to its introduction.

One possibility to be looked at is that the introduction of subscription could be phased by linking it to new development such as the arrival of direct broadcasting by satellite or high definition television.



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APPOINTMENTS

Joining Guinness Mahon board

GUINNESS MAHON & CO has appointed Mr David Ashworth, Mr Philip Adheson, Mr Nicholas McCarthy, Mr David Roberts, Mr Martin Riley and Mr Robert Philipson Stow as directors. The first three were assistant directors of the bank in banking, administration and corporate finance respectively. Mr Roberts is finance director of Guinness Mahon Holdings and Mr Philipson Stow and Mr Riley are directors of Henderson Crothall, stockbrokers, in charge of corporate finance and private clients respectively. Mr Philipson Stow has been appointed compliance officer of the Guinness Mahon Holdings Group.

Mr Barry Johnson has been appointed director of operations at HENRY SIMON with responsibilities covering manufacturing supplies and the company-wide computer systems. He joins from Rockwell Graphic Systems.

Mr Paul Virik has been appointed deputy managing director of BUSINESS PRESS INTERNATIONAL C A R E W HOUSE.

The AUSTIN REED GROUP confirms that Mr Hugh McClure has joined the board of J. A. Robertson (Dumfries) as managing director. Mr J. A. Robertson remains with the company as a director in an advisory capacity.

MEGGITT MACHINE TOOLS has appointed Mr Tom Grieve as sales and marketing director. He was UK sales manager for KVM. Mr Bryan Dellow, with Meggitt for 23 years, becomes director and general manager.

Mr David Watt, formerly group taxation manager at Babcock International, has been appointed an associate director of CHELSEA FINANCIAL SERVICES.

BRITANNIA BUILDING SOCIETY has appointed Mr John Featon as deputy general manager. His promotion comes after more than two years as north east regional manager, and he has been assigned to Britannia's development division.

Mr Anthony Chandler has been appointed chairman of York-based UNIX software specialist THOMSON COMPUTERS. He is also chairman of Mandarin Communications. Mr Chandler is chairman of the DIT-sponsored software exporters group.

Mr Robin C. Paul has been appointed deputy chairman and managing director ALBRIGHT & WILSON, a wholly-owned subsidiary of Tenneco Inc., Houston, Texas. He succeeds Mr David W. Livingstone, who is

retiring. The appointment is from November 1. Mr Paul joins from Imperial Chemical Industries, where he was deputy chairman, ICI Mond division responsible for chlorine and derivatives business, production, engineering and personnel functions. He joined ICI in 1966. He is a director of the Mersey Docks and Harbour Company.

Mr Geoffrey F. Parsons has been appointed non-executive chairman of BARRETT & WRIGHT GROUP. This change follows the retirement of Mr Ray Carr.

BORG-WARNER ACCEPTANCE has appointed Mr Philip Underhill as director of marketing and operations. Mr Nicholas



Mr Keith Shepherd, managing director of Thorn EMI business communications.

Parsons also joins the board. He is European controller, finance director and company secretary.

Mr Derek J. Hinks has joined the board of ONAN CORPORATION, Minneapolis, as vice president and general manager of Onan International, an engine, power generation and switchgear company also based in Minneapolis. For the past 15 years he has been director of marketing and sales for Newage Engineers, acquired by the Onan Corporation in 1964. Cummins Engine Company took a major shareholding in Onan early this year and Hawker Siddeley continues to hold a 37 per cent shareholding.

Mr Keith Shepherd has been appointed managing director of THORN EMI business communications to head a new management team. He was marketing director of Laskys.

Professor Sir Hermann Brudi, Master of Churchill College, Cambridge, has been re-elected president of THE HYDRO-GRAPHIC SOCIETY.



INTERIM RESULTS

(unaudited)
for the half year ended 30th June 1986

	1986 (half year)	1985 (half year)
Turnover	£70.53m	£64.14m
Pre-Tax Profit	£13.63m	£11.45m
Earnings per Share	16.5p	13.5p
Interim Dividend	2.68p	2.33p

Interim dividend is payable on 16th December 1986 to shareholders at the close of business on 21st November 1986.

*Group pre-tax profit was 19 per cent higher than that for the corresponding period in 1985. Group sales increased by 10 per cent and order intake exceeded sales by £4,800,000. Our recent UK acquisitions made a valuable contribution to our Group performance.

Ray Parsons, Executive Chairman

Copies of the Interim Report are available from The Secretary, Bowthorpe Holdings PLC, Crawley, Sussex RH10 2RZ

Bowthorpe Holdings

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High	Low	Company	Price	Change	Gross Yield	P/E	Fully
					div.(p)	%	Actual based
146	118	Asa. Brit. Ind. Ord.	133	-	7.3	5.5	8.1
161	121	Ass. Brit. Ind. CULS...	130	-	10.0	7.7	-
123	43	Alpsgroup Group	86	-	7.6	7.9	6.0
46	28	Armstrong and Rhodes...	28	-	4.2	11.7	5.0
152	108	Bardon Hill	152	+1	4.8	2.4	21.8
61	42	Bry Technologies	80	-	4.3	5.4	9.5
201	76	CCl. Ordinary	90	-	2.9	3.2	6.4
152	88	CCl. Type Conv. Pl.	88	-	15.7	17.8	-
256	80	Carborundum Ord.	255	+2	9.1	3.8	12.3
94	88	Carborundum 7.5pc Pl.	83	-	10.7	11.5	-
133	48	Debonh Services	133	-	7.0	8.0	14.6
32	20	Frederick Parke Group	23	-	-	-	-
126	60	George Blair	106	-	3.8	3.8	2.7
80	20	Ind. Precision Castings	80	+1	10.0	3.5	21.1
218	152	Isla Group	152	-	18.3	12.0	8.7
125	101	Jackson Group	125	-	5.1	4.5	8.5
377	228	James Burrough	265	-	17.0	4.8	10.3
100	85	James Burrough SpCP.	95	-1	12.9	13.6	-
1035	542	Melthouse NV	850	-10	-	-	64.5
300	280	Record Ridgway Ord.	279	-	-	-	6.8
100	88	Record Ridgway 10pc Pl	88	-1	14.1	16.0	-
57	32	Robert Jenkins	57	+1	-	-	2.8
38	28	Scruttons "A"	37	-	-	-	-
120	88	Toray and Carlisle	120	-	5.7	4.8	7.3
370	320	Treva Holdings	320	-	7.8	2.5	8.7
70	26	Unilock Holdings	68	-	2.8	4.1	12.5
126	47	Walter Alexander	86	-	15.0	5.1	9.4
226	180	W. S. Yates	187	-	17.4	5.8	19.7



GEEST HOLDINGS

FIRST HALF 1986

Profit before tax 32% up on 1985 first half.

SUMMARY OF RESULTS

	Six months ended 28th June	Year
	1986	1985
	£'000	£'000
Turnover	216,734	196,952
Profit before tax	4,944	3,739
Profit after tax	3,339	2,501
		371,883
		5,913
		4,025

Extracts from the Chairman's statement.

* Fresh Produce Sales of fresh produce both to multiple outlets and through wholesale markets were very encouraging. Our fresh produce business is about to benefit from the new purpose-built distribution centre at Maidstone which cost over £7m and which will be opened later this year. This new facility will enable us further to improve our service to customers and should have a beneficial effect on operating margins. Geest is the clear leader in the UK fresh produce market and is now well poised to strengthen this position.

* Prepared Foods In the prepared foods market, where Geest is a leading supplier of own label chilled salads, we recorded a 29% improvement in sales over the comparable period of 1985. This has been done by extending our range and by winning new customers. An investment of over £1m is now being made to meet increasing demand.

* Horticulture In contrast, the Horticultural Sector had a disappointing first half and a loss was incurred. To remedy the situation we have decided to divest the houseplant growing business. This will allow management to concentrate on the development of our garden product activities. Pending a decision on the method of divestment, no provision has been made in the interim results for any costs or the write-down of assets which might result.

The normal seasonal nature of the business is such that profitability in the second half of the year cannot be expected to match that of the first half. However, the Board views the outlook for the second half, for profits for the full year and for the medium term future of the Group with confidence.

As has already been indicated we are exploring the possibility of seeking a full listing on the London Stock Exchange. I look forward to reporting the outcome in due course.

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Application has been made to the Council of The Stock Exchange to have the Capital Notes, in denominations of DKK 20,000, issued at 100 per cent., admitted to the Official List. Interest is payable annually in arrears on 24th October, the first payment being made on 24th October, 1987. Listing particulars relating to the Capital Notes and the Bank are available in the statistical services of Exel Statistical Services Limited and may be obtained during usual business hours (Sundays excepted) up to and including 10th October, 1986 from the Company Announcements Office of The Stock Exchange, London EC2, and up to and including 22nd October, 1986 at the addresses shown below.

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1 Finsbury Avenue
London EC2M 2PA.

The Chase Manhattan Bank, N.A.
Woolgate House, Coleman Street
London EC2P 2HD.

8th October, 1986



Interim Report 1986

Mr Ernst Schneider, Chairman, reports:-

"the continuation of an excellent growth record"

"Comcap continues to be a truly European company with 82% of turnover and 60% of profits before tax being derived from Denmark, France, Germany, Holland and Switzerland"

"the Group's portfolio of leased computer equipment has shown a net increase of £15 million to £105 million"

"Comcap will show further progress for the full year"

	6 months ended 30 June	Year ended 31 December
	1986	1985
	£'000	£'000
Turnover	33,056	25,296
Profit before tax	3,048	2,197
Earnings per share	11.76p	8.96p
Dividend per share	0.75p	0.60p
		53,743
		5,188
		20.32p
		1.50p

OUR ACTIVITIES: Computer leasing, computer software, contract staff, lease broking, property financing, property development.

WE OPERATE IN: Denmark, France, Holland, Switzerland, United Kingdom and West Germany.

Copies of the Interim Report, together with the Chairman's statement, may be obtained from the Secretary, 49 Pall Mall, London SW1Y 5JG. Telephone: 01-930 7688.

THE ARTS

Message/Lyric Studio, Hammersmith

Claire Armitstead

Michael Wilcox presents in Message the dilemma of the weak adult ensnared by the knowing child, who deludes himself with the age-old cry of the child molester: "It wasn't like that."

His protagonist, Dodge, is a likeable enough chap: a faded bicycle builder who hires a young masseur to help him celebrate the twelfth birthday of his absent friend with a bizarre schoolboy spread of baked beans and jelly.

At first sullenly suspicious, Rikki begins slowly to assume the upper hand as Dodge's story of infatuation among the tent pegs is unfurled. Through his revelations, a telephone call from the child, Simon, and a confrontation with Simon's mother (and Dodge's ex-lover) Jane, the full complexity of the relationship emerges.

David Allister and Dexter Fletcher

The Happy End/Donmar Warehouse

Kevin Henriques

The Happy End is a roaring big band specialising, unsurprisingly considering its Brechtian-Weillan title, in songs of the revolution—any revolution—and the working classes, incorporating along the way, marches, Charist hymns, jigs and, by no means insignificantly, jazz.

Tonight sees the start of The Life and Loves of a Sine Devil, a series which—judging from the trailers and the cover of Radio Times—features a real deal, complete with shining red eyes and little curls of smoke.

David Allister presents a Dodge who could indeed be anyone's father: thinning hair over a benign, sad face which clouds faint fastidious rage at the mention of anything as crude as sex.

Like Crak-A-Snak, Howard's Way has a visually interesting exterior; all those overhead shots of cruising yachts cutting through the outer coating you find inside a soft mousse whipped up from carefully balanced quantities of well tried ingredients.

What it seems to be arguing is the distinction between a child molester for a child runs a sexual (Dodge would have it natural) course. His reasoning is, of course, flawed, but so is the idea that society is to blame for all "unnatural" relationships between people.

Howard's Way: Jan Harvey, "perpetually dressed for a Purley cocktail party," in a boatyard, with Maurice Colbourne

Safe but unsure in the middle of the road

Television/Christopher Dunkley

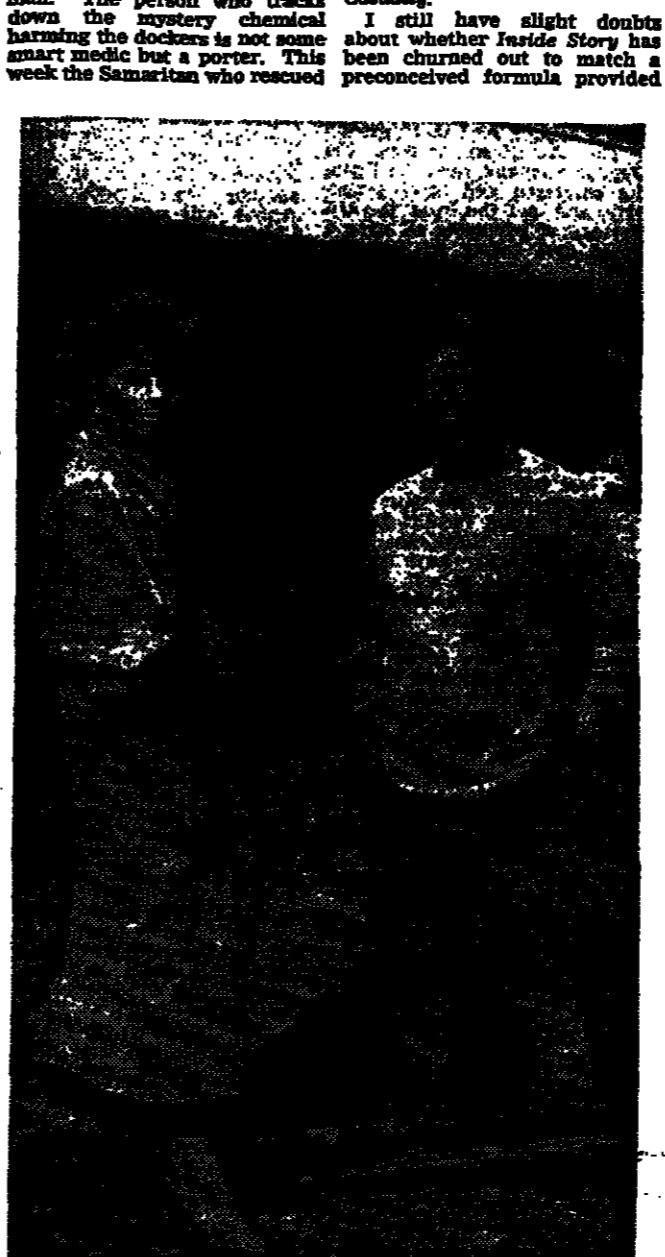
Even suppose for a moment that there is something to be gained from placing the boring old stereotypes which the least reflected some reality) with boring new ones which amount to little more than hopeful lies, it would still be more interesting to dramatise the honest convictions of one individual than to experience the compromises reached by a team of propagandists.

What we should avoid is the current craze for putting money into European co-productions in order to make "Eurotel" drama designed to keep the Americans out. Almost inevitably the results are disastrous compromises.

We are left, in this large central area of series and serial drama, with just two titles: Big Deal and Paradise Postponed. Of these Big Deal seems to me at present the more impressive though the character of the feckless Robby Box has now been exhaustively explored.

Book publishing proves that Britain is still rich in the sort of people who have the passion and vision to create such series. Perhaps Martin Amis, A. S. Byatt, Lisa St Aubin de Terán and all that generation have been approached and have given television the thumbs down. But they are no longer the younger generation. The magazine Granta alone now boasts an entire school of sharp young writers who could revivify British television. What we need is the courage among heads of drama departments to abandon their tested formulae and back young talent of that sort.

Howard's Way: Jan Harvey, "perpetually dressed for a Purley cocktail party," in a boatyard, with Maurice Colbourne



Howard's Way: Jan Harvey, "perpetually dressed for a Purley cocktail party," in a boatyard, with Maurice Colbourne



Francesca Annis in Inside Story

right through the night, and the possibility of new satellite channels looming again, must we expect this, and even more of the same, to continue in the future?

I suspect the honest answer is "To a large degree, yes," but there are further points worth marking. First, the series are better than the British at producing middle-of-the-road series drama in large quantities. This has been true virtually throughout the history of television, from Wagon Trains in the '50s to The Outer Limits in the '60s and Columbo in the '70s.

In Memoriam Hans Keller/Wigmore Hall

Max Loppert

Monday's chamber music concert, sponsored by Radio 3 and the Austrian Institute (and broadcast live) was given in memory of Hans Keller (1918-85). Keller, who fled to Britain in 1938 from his native Austria, was one of the greatest acquisitions that this country made out of the rise of Nazism; he became so vital a figure in our musical life that it is still a shock to think of it without him.

thoroughly absorbed into the mainstream of British musical thought that it takes an effort to remember how much contrary and very he aroused in earlier days. The controversialist was, of course, a posture that Keller himself adopted with the greatest gusto—his writing style, with its characteristic blend of trenchant wit, epigram, and deep insights, was always intended to provoke outrage among the comfortable ranks of Establishment musicians.

Arts Guide

Beethoven, Mendelssohn, Franz Schmidt, Schoenberg, and Britten—were of particular significance in Keller's life and musical thought. Likewise all the performers benefited from his benign advocacy. Perhaps the most moving part of the evening was the account of the Haydn D minor Quartet, Op. 42, by the Mistry String Quartet—this is the most youthful of the groups coached by Keller.

Shnitke/Elizabeth Hall

Andrew Clements

New works by Alfred Shnitke appear in Britain so erratically that our knowledge of the leading contemporary Soviet composer is highly partial and often substantially out of date. The latest piece to arrive here is his Septet from 1982, the first British performance of which closed last night's concert by the Fires of London in the Elizabeth Hall.

is more modest than many of its congeners, its musical means are highly characteristic. Those means are hard to pin down: the two-movement structure develops from a handful of thematic scraps, modally inclined, that open the piece. The first movement turns them into a moto perpetuo which eventually runs out of steam; the second shapes them into an eccentric chorale which pines decoration upon decoration until the whole structure collapses under its own weight.

Notice to Bondholders

Norak Hydro A/S 9% Bonds due 1991

Notice is hereby given, that pursuant to paragraph 4 (d) of the trust deed US\$2,500,000 principal amount thereof has been purchased by Swiss Bank Corporation, Zurich, as purchase agent during the year of 15th September, 1985, to 14th September, 1986.

US\$37,500,000 nominal bonds will remain outstanding after 14th September, 1986.

Norak Hydro A/S by the Law Debenture Corporation p.l.c. London as Trustee.

Theatre

TOKYO: Marcel Marceau U-Fort, Emil Holten Super Kabuki... CHICAGO: Pump Boys and Dinettes (Apollo Center)... NEW YORK: Cats (Winter Garden)...

Saleroom/Antony Thorncroft

Scramble for eggs

The Fabergé Easter eggs that the Russian Imperial family traditionally gave each other in the dying years of their reign were the only eggs circulated by royals. Earlier in the 19th century the Prussian monarchs, copying the Russian Orthodox custom of decorating rooms with garlands of Easter eggs, rewarded members of their family in the same way.

The main casualty was a Vienna plaque of the finest quality painted in 1810 by Josef Nigg, depicting Socrates, Nigg was the leading decorator at the factory, and his plaques very rarely appear on the market. Sotheby's placed a £9,000 top estimate on the item, which measured 16.5 in by 12.25 in, but it was unsold at £6,800.

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Wednesday October 8 1986

An absence of strategy

IF THE reduction in the rate of inflation is the chief economic achievement of Mrs Margaret Thatcher's Government, recent events and figures have conspired to demonstrate just how little that feat owes to the Government's own monetary policy.

Last week we had the curious spectacle of the authorities trying simultaneously to stabilise the sterling exchange rate and to prevent a rise in short term interest rates. This week we have seen the publication of provisional estimates of the September money supply which do nothing to enhance the credibility of monetary management.

A rise of 1.1 per cent in sterling M3 on the month was greeted with relief in the market because it was at the lower end of expectations. Yet this represents an annual rate that is hovering somewhere near 20 per cent. For those who still believe in these things, the September figure is no more reassuring than a year-on-year rise of 18.1 per cent, well above the Government's target of 11 to 15 per cent.

Cynics will no doubt argue that a rise much outside the City attaches importance to sterling M3 or, for that matter, to the Chancellor's (currently much better behaved) pet measure of M0. Yet there is precious little reassurance to be had from less arcane indicators of the stance of monetary policy.

Specific target

The notion that sterling has simply been caught in the rush for the dollar exit is simply implausible: the sterling-D-Mark rate is telling us that the markets are more nervous about the underlying thrust of the policy. House prices are bubbling merrily in response to active lending by banks and non-banks; indeed, part of the recent surge in sterling M3 reflects the building societies' increased reliance on wholesale money provided by the banking system. The local authority sector is scarcely suggesting that wages are set on a non-inflationary path.

The one thing that is not in evidence at this stage is any obvious medium term strategy.

US midterm conundrums

IT IS often unwise to read too much into midterm congressional elections in the US. Sometimes they reflect no more than mild disaffection and boredom with incumbent administrations, an experience that even popular presidents like Franklin Roosevelt and Dwight Eisenhower suffered in their second terms. More often results are determined by local and regional issues and personalities, which may or may not reflect national concerns. Occasionally, they have a wider importance, as in 1974.

What makes the first Tuesday in November unusually interesting is the distinct possibility that the Republican Party will lose control of the Senate, where it holds a slim 53-47 majority. If it does so, it will not be by much and may be explained away by the simple fact that far more Republican seats (22) than Democratic (13) are being contested. But even if the restoration of Democrat power in the Senate does not dramatically change America's domestic and external policies, or instantly consign President Reagan to premature duck status, it will shift the balance of power in Washington in many subtle ways.

President Reagan has had an enviable record in his dealings with Congress. He has been frustrated from time to time—on aid to the Nicaraguan Contras and, most conclusively last week, over South African sanctions—while the credit for some of his more heralded achievements, including tax reform, should properly be shared with Congress and Democrats as well as Republicans.

Tight races

The key to his success is that he has been able to a degree unprecedented since FDR to get the national agenda. In this, it has helped him enormously that a Republican Senate has been instinctively receptive to his ideas. He will be able to count on no such automatic co-operation from a Senate whose committee chairmen are Democrats and whose leading lights will be looking firmly ahead to the big race in 1988, and the end of the Reagan era.

There is little doubt that President Reagan's personal popularity will help Republican

AN AMERICAN Jaguar car dealer burst into tears of relief and joy when he caught his first glimpse of the new XJ6 which the UK luxury car company launches today. He was relieved because as far as he was concerned the Jaguar designers and engineers have captured all the virtues of the 17-year-old series-3 model in the new car.

"We were worried," admits Bob Robinson, who sells more than 400 Jaguars a year from his dealership at San Jose, California. "We said to ourselves: how do you change the most beautiful car in the world?"

"But the new car is just as beautiful. It is undeniably a Jaguar. It looks like a Jaguar, both outside and in. It drives like a Jaguar. And that's great."

The American dealers, the Jaguar company, Sir John Egan, its chairman and chief executive, and, not the least, the UK balance of payments all have a great deal riding on the new XJ6.

It replaces a model which has accounted for 90 per cent of production, so in effect Jaguar is a one-product company in the process of replacing that one product.

If the unthinkable happened and the new car was not successful, dealers in the US who have invested heavily in the last two years to back the company—one has just completed a \$10m building in Beverly Hills, California—would quickly have to find something else to sell.

Sir John Egan would be looking for someone to bale out the company which would be a bitter blow after such a short taste of freedom from the state-owned Rover Group which sold off Jaguar via a £290m stock exchange flotation two years ago.

Britain's motor industry trade balance, already deep in the red, would be in even worse shape because Jaguar last year was one of the country's top 20 exporters, contributing £208m in overseas sales.

Jaguar's total production last year reached only 38,500 cars, equivalent to about two days' production for General Motors, the world's largest automotive group, or four days for Volkswagen-Audi, Europe's biggest.

Yet that was enough to generate for Jaguar £748m of turnover and £11m of taxable profit.

More than half the output was sold in the US, where the cars sell for \$38,000 to \$40,000 and dealers collect \$6,000 gross profit on each Jaguar they sell. "We have made many of them millions in the past few years," says Sir John.

Only a very short time ago Jaguar presented a very different picture. In 1980 the company suffered a \$40m loss and its parent group, then called BL, considered closing it down.

The story of how Sir John gave the Jaguar a new lease of life is the pride, how he bullied and cajoled suppliers into

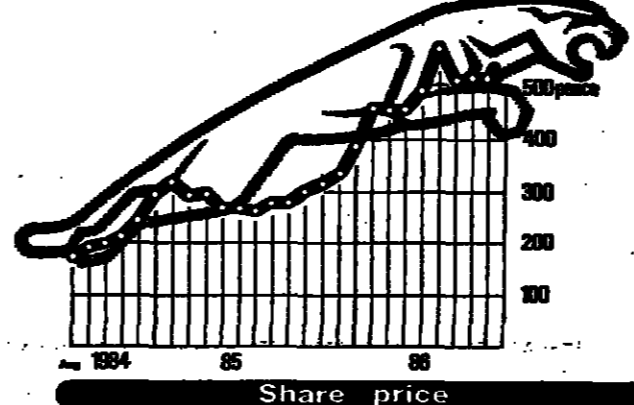
JAGUAR'S NEW CAR

A fast but narrow lane

By Kenneth Gooding, Motor Industry Correspondent



Sir John Egan: an expensive stockpile



improving the quality of their components, is already part of British motor industry legend.

None of it would have been possible, Sir John says, without the right product.

The continued success of the old series-3 XJ6 Jaguar gave the company vital breathing space and more time to make sure the new model was as good as possible.

When work on the £200m XJ40 project—the code-name for the new XJ6—started six years ago it was to have been a very different car from the one which emerged.

At that time fuel economy was at the top of car makers' list of priorities rather than performance.

But, by 1984, the price of petrol was less of a concern to buyers so Jaguar switched its concentration back to performance. Even so it will be another two years before Jaguar will be able to fit its 5.3-litre V12 engine into the new XJ6. Standard options are for 2.9 and 3.6 litre units.

It was also obvious from the consumer "clinics" to test reaction to the new model that customers loved the wood-and-leather, "British" look, so that was put back into the development programme.

The staying-power of the series-3 gave Jaguar time to put the new XJ6 and the components that go to make it through the most intensive testing programme ever devised by the company. By today prototypes will have covered 5.5m miles or 8.5m kms during tests over all types of roads and all types of conditions, from the depths of the Ontario winter and the boiling heat of the Australian desert. This is about five times the industry norm.

Jaguar also made what Sir John describes as "an intellectual breakthrough" when it came up with the idea of building a separate pilot assembly line for the new XJ6.

Although not new to the industry, this idea overcame the problems associated with building the first new models alongside the old series-3 cars, still very much in demand, while at the same time ensuring the switch from one to another goes smoothly.

Mr Mike Beasley, production director at the time and now assistant to Sir John, says: "We took the view that if we laid down a pilot line the manufacturing people could build cars properly out production tools and the cars could be tested off production tools. We could train people on the line at volume production—albeit at one-third of the speed of the main assembly line."

The new XJ6 is much easier to produce than the old one—125 can be turned out in the time it took to make just one of the series-3 models. So Jaguar's output and productivity should rise accordingly, Sir John says: "I'd be very disappointed if output is not up to 50,000 a year in five years—with double shift working it could be even earlier." That compares with

its total output last year was 442,500 and rising.

The XJ6's other main competitor, the S-class Mercedes models from West Germany's Daimler-Benz group, is produced at the rate of more than 100,000 a year while total Mercedes car output is about 500,000.

To achieve its objective, Jaguar must double sales in the US, the world's biggest luxury car market, and where 75 per cent of the people able to afford a Jaguar car—with a family in-

come of more than \$100,000 a year—can be found.

With this in mind it has strengthened the dealer network there.

Jaguar allocated \$7m to terminals 30 US dealers and reduce the network to 156. All but four have gone quietly and the money will cover the cost of completing the process.

Bob Robinson, the San Jose dealer, says: "There were some disappointed dealers, but something had to be done." Mr Robinson has been through the mill, having bought his dealership in 1967 and three years later seen 60 per cent of his business disappear when British Leyland gave up making the MG sports cars.

"Jaguar has concentrated on quality control, not just on the assembly line but also at the front line—with the dealers," says Mr Robinson. "He insists we give the customers first class service. But it has paid off. Several years ago no dealer would sell his neighbour a Jaguar. Today my best friend has three in his family."

A similar up-grading of Jaguar dealer networks has been going on in the UK and West Germany, Europe's major luxury car market.

In the UK, Jaguar sold an annual 6,500 of the series-3 models in recent years but the company hopes to reach 10,000 quickly by tackling seriously the upper range of the executive car market, for models between £15,000 and £20,000.

What will all this mean for Jaguar's profitability?

Mr John Edwards, finance director, says that, on the negative side, materials costs go up because, although the new XJ6 has fewer panels than the old one, it incorporates many more costly electronic and electrical components.

The company has also had to stockpile cars for the launch of the new model—another expensive exercise—when for two or three years it has had virtually no inventory of finished cars.

And Jaguar now has to start depreciating £100m of new production equipment. The company's depreciation charge, £14m last year, will double to £28m this year and be £40m in 1987.

On the positive side, Jaguar's warranty costs should fall. Although the quality of the old series-3 has improved in recent years, it still suffered two total product recalls in the US last year and remains a difficult car to assemble.

Then Jaguar receives a major bonus in the US where the series-3 has attracted the so-called gas-guzzler tax, a penalty paid by the customer for choosing a fuel-thirsty car and passed on to the US Government by the company.

For 1985 and 1984 Jaguar paid \$8.9m in gas-guzzler tax on the old series-3 and XJS sports cars and another \$8.5m for the year to September 1985. The 1985-86 payment will be about \$25m.

However, the new XJ6 escapes the tax completely, a saving worth about \$15m in the

Unesco's eastern promise

The surprise announcement of Amadou Mahtar M'bow that he would not stand for a third term as director general of Unesco has triggered off the succession battle at the troubled United Nations agency for education, science and culture. The smart money is on a candidate from Asia.

The future head of the Paris-based organisation will take over from the Senegalese director general when he steps down at the end of next year. The new director will inherit the deep wounds that the M'bow management created at Unesco during the past 12 years.

Although France continues to hope that the next director general will again be a francophone—the name of Pierre Trudeau, the former Canadian prime minister, has been mentioned as a possible candidate—the successor is likely to come from a non-French-speaking country.

Heading the list is Prince Sadrudin Aga Khan, the former UN high commissioner for refugees, but he is also believed to be interested in the top UN job of secretary general should the current secretary general, Javier Perez de Cuellar of Peru, not be re-elected for a second term.

Other candidates include Victor Antonio Machado, a former Portuguese foreign minister, whom Lisbon is planning to put forward; and possibly Gough Whitlam, the former Australian prime minister, who has served Unesco since leaving Australian politics.

There is a general sentiment that the next director general should come from an Asian country.

Although he will not put forward his name as a candidate, Mr Soedjatmoko, the Indonesian rector of the UN university in Tokyo, could be drafted as a possible successor. The Dutch appear to be interested in supporting him for M'bow's job.

The search for a successor to M'bow will officially begin

Men and Matters

today when the executive council of Unesco will send letters to all member states to submit names of their candidates for April next year. The winner will be known in the autumn of 1987.

Hot Currie

Mrs Edwina Currie, the recently-appointed junior health minister who has upset government supporters as well as its critics by her condemnatory comments about the lifestyle of people living in the north of England, received a cool response when she was introduced to the Conservative Party conference at Bournemouth yesterday.

But Mrs Currie had the consolation of knowing that the Conservative Party machine has shown no such reluctance in trumpeting her achievements.

According to Conservative News Line, an official party publication, she has been appointed parliamentary under secretary to the Prime Minister.

Clearly Mrs Thatcher has at least one rival she should not underestimate.

Annie does better

For the first time a woman will receive one of the top awards



"It's a new French recipe for English lamb."

Pillar dollar

Tradition has it says London numismatist, Howard Simmons, that the S sign was derived from the herbaceous Pillars of Hercules stamped on a Spanish American coin that eventually became the model for the first US coinage.

Many of those "pillar dollars" were among the treasure recovered from the Dutch East Indies, Hollandia, which sank off the Scilly Isles in 1743 and was discovered by a team of divers in 1971.

Now art metallist, Ron Dutton, has used fragments of the silver from the Hollandia's cargo to produce a collector's piece—a medal which incorporates the Pillars in its design. There was only enough silver to make 1,000 of the medals which will sell at £49.50 each.

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Observer

"If the price is right, we are going to sell. I think that's true of everything you buy, except maybe your kids and possibly your wife." Carl Icahn, March 1984.

SIX MONTHS AGO, Mr Carl Icahn, probably the most feared corporate raider on Wall Street, appeared to have met his match. TWA, the big transatlantic airline which he had recently acquired after a bitter takeover battle, was losing an estimated \$1m a day. Mr Icahn was showing huge losses on his \$500m investment and Wall Street was alive with whispers that he had lost his Midas touch.

Since then TWA has bounced back into profit, its share price has doubled to around \$20 and the 49-year-old Mr Icahn can now turn his attention to his biggest target yet—USX Corporation. A pillar of the US industrial establishment, USX traces its history back to 1901 when J. P. Morgan, the wealthy New York financier, acquired Andrew Carnegie's steel company and merged it with several other companies to create the mighty US Steel, renamed USX a few months ago.

Mr Icahn is now poised to unscramble one of America's most famous companies in a move which may well come to be remembered as the "ultimate" in corporate raids. The most famous example of the services, and the 49-year-old Mr Icahn, Mr James C. McHugh, Sr., and Mr Robert C. McHugh, Sr., are the industrial establishment. Notwithstanding the sharp run-up in share prices over the last year which has attracted many corporate predators, Mr Icahn is a veteran raider who has an uncanny sense of the "value" of a company.

His "friendly" \$8bn offer for USX marks the biggest takeover bid in US corporate history and is only dwarfed by Chevron's \$13.2bn bid for Gulf Oil and Texaco's \$10.1bn bid for Getty Oil.

USX is just the latest in a long list of companies—ranging from Marshall Field, to Unocal, Phillips Petroleum and Union Carbide—which have had Mr Icahn's financial sleuths. Over the past few years he has averaged one corporate raid every three months or so.

Carl Icahn's bid for USX

'I want to make money'

By William Hall in New York

money on almost everything he has touched," says Mr Bilotti. This helps explain why Mr Icahn's investment banker, Drexel Burnham Lambert is "highly confident" that it can raise up to \$6.5bn of funds to match the \$8bn Mr Icahn is committing to his latest venture. Amongst the wealthy investors who have ridden on the Icahn coast "tills in past years" are Mr Saul Steinberg, the Belzberg family and Mr Charlie Knapp, all of whom have made the financial headlines as predators in their own right.

Outside of Wall Street, he has a less flattering reputation and Institutional Investor magazine once dubbed him "the man chief executive officers love to hate." Mr C. E. Meyer, a past president of Trans World Airlines, admitted in a reporter's interview that "I'm no Robin Hood, I'm out to make money." Mr John Boland, an American author who has followed his exploits closely, says that "Icahn's target hunters like Carl Icahn aren't white knights bent on rescuing small shareholders from bondage. They are self-serving fortune hunters."

Mr Icahn is equally undaunted about many of his opponents. He does not hide his ardent belief that the management of many US companies need to be taken over. He runs Corporate America today are the same fellows who used to be the fraternity presidents

in college. Likeable, somewhat politically astute, but not the brightest or the most capable," he argued in a New York Times article a few years ago. He sees his role in the financial community in very simple terms. Asked on Monday evening why he was investing in USX, he replied cryptically: "Because it is undervalued." The schedule 13-D which he has to file with the US Securities and Exchange Commission gives more clues about his plans for the company, which employs 60,000 people, has a turnover of close to \$2bn a year and is facing one of the most serious industrial disputes in its proud history.

Carl Icahn has not always attracted such a following on Wall Street. His mother was a school teacher and his father a lawyer and he first distinguished himself by becoming the first boy from his school, in a relatively poor section of the borough of Queens in New York, to win a place at Princeton, one of the top Ivy League universities in the US, where he studied philosophy.

He started out on Wall Street working as an options trader before setting up his own firm, Icahn & Co, in 1968. For the next few years he specialised in arbitrage trading strategy—before he began to take investment positions in publicly quoted companies. One of his earliest moves was to take over the Marshall Field, the Chicago department store giant. Although he lost out to BAT Industries, the UK tobacco conglomerate, he nearly trebled his money on the investment, and used this newfound wealth to finance bigger raids on sleepy members of the US corporate establishment.



Mr Icahn: a raider at large again on the US corporate scene

threatening noises to the management and then either have his shares repurchased by the company—a process known as "greenmail"—or sell them at a profit in the stock market.

One of the very few exceptions to this strategy was his takeover of TWA last year. Shortly after he had acquired control of the struggling carrier, there was an outbreak of terrorism in Europe and the Middle East which took a heavy toll of TWA's big overseas business. This was followed by a strike of the airline's cabin attendants which severely disrupted services. The company lost over \$250m in the first half of 1986 and Mr Icahn found himself in the unusual position of running a major international airline.

His ability to transform TWA's fortunes in less than six months has impressed his followers on Wall Street. To achieve this extraordinary turnaround has required a fairly savage touch on the part of Mr Icahn and his new executive team, which includes Mr Joseph Corr, a long-time associate.

Costs have been cut dramatically and wage concessions have been demanded from the company's unions. The result has been short term cost savings of an estimated \$600m a year. TWA is forecast to have made \$70m in the third quarter and Mr Icahn says it will register a profit in the current

quarter, a period when it normally loses money. The steady rise in the TWA share price in recent weeks reflects Wall Street's confidence in Mr Icahn's ability to turn the company around.

However, some analysts remain sceptical. They note that the third quarter was one of the best periods in the history of the US airline industry and any carrier not making money was in serious trouble. TWA's long-term future is in a state of flux. Mr Icahn is believed to be seeking a marriage partner for his airline which perhaps explains why he has been talking so publicly about its improving fortunes and he has given no indication of his longer term plans—especially on the question of the replacement of its ageing fleet.

Mr Richard Bilotti of L. F. Rothschild remains sceptical about Carl Icahn's success with TWA and questions how much more debt Mr Icahn can pile up in his quest to take on industrial titans like USX. "It only takes one small problem and the whole thing can crash," says Mr Bilotti.

But those who have put their faith in Mr Icahn's Houdini-like financial skills—not least investment bankers Drexel Burnham Lambert who have resped hand- some rewards from their collaboration—so far have found little cause for regret.

Nuclear power stations

For safety's sake, let caution prevail

By Sir Christopher Cockerell

THERE HAVE been various persuasive articles on the economic case for nuclear power stations, and if economics were the only consideration, then the case is made. However, the public is not concerned with economics but with safety, and is deeply worried.

For the ordinary man and also for the engineer who is not an expert but who has some feel for engineering, the safety aspect has not been put across in any sort of a convincing way. Indeed, certain important aspects do not seem to have been faced up to at all.

Experts have said that the probability of a catastrophe in a modern nuclear power station is of the order of one in 30,000 years. Very impressive. However, there are in this country 15 stations, and this means that the probability of one of them failing is reduced to one in 1,975 years.

Further, if later we produced all our electricity by nuclear power stations, which would mean about 50 stations, the probability of a failure would be reduced to one failure on average every 600 years. Again, impressive. But it is not possible to say when the failures might happen. It might be one this year and two in the next 600-year period, and none in the next.

We are all familiar with this sort of thing. An electric light bulb should have on average a life of about 2,000 hours, but now and again one goes as soon as we plug it in; some few go after two or three days, and many others last more than 2,000 hours.

As we have seen from the Chernobyl catastrophe—which was not as serious as it could have been—the damage can spread over an enormous distance, 1,000 miles or so. This means that nuclear power stations in France and others in Europe put us at risk.

If all the countries within 1,000 miles of us go nuclear, then there might be 300 or 400 stations within range, and the likelihood of a catastrophe would be reduced down from 600 years to something more like 100 years. One hundred years is not so impressive as

the 30,000 years of the experts. Suppose that the whole world goes for nuclear power stations?

There is a sense in which the design of a nuclear power station is different from all other engineering products. In the early days of ships, railways, motor cars and aeroplanes, there were lots of breakdowns and accidents, and these were accepted; while the engineers gradually with each new design improved the safety and the reliability of the products over the years.

One may ask why the engineer of those days could not sit down and use his brains and achieve a masterpiece? But it seems that our brains don't work that way. The best that we humans seem to be able to do is to engage in a "suck it and see" process, much like the evolution of nature, improving things little by little with each new attempt. The American space programme, an amazing achievement, nevertheless with two ghastly mistakes, makes this point. With all the thought and with modern knowledge, design mistakes still happened.

Now consider the design of a nuclear power station. A failure could be so catastrophic that the design team could no longer use the "suck it and see" process, but has got to achieve the masterpiece in one jump and achieve a reliability of one in 30,000 years. This, of course, costs more, but only in some way like this can we reduce human errors to an acceptable level, say an error in 1,000,000 decisions.

All this still does not cover every possible cause of a catastrophe. In a minor war (such as the Falklands war), how do we cope with power stations being bombed, or stations blown up? That is not likely to happen in this country. We could, however, suffer a terrorist attack. How do we cope with this? Can anyone foresee the future?

We are now slowly sliding into a situation, propelled by the powerful CEGB lobby and powerful economic considerations, which will become harder and harder to reverse. Surely we require a breathing space to re-assess the situation from all aspects.

The third and very important cause of failures of man-made things is that of the human errors of those monitoring the largely automated modern devices. Apparently humans year in and year out cannot do much better than one mistake in 100 decisions; and this is not nearly good enough. The easy answer would therefore appear to be even more automation.

I believe that the tube trains in London have a signalling system backed up by a second system, backed up by a third system—backed up by a fourth system—but even this has failed. So we must still have humans monitoring the system, however much automation we have in order to cover those things which have not been foreseen.

To increase the reliability of human monitoring, it would appear that we must adopt the ideas of the three chameleons or marine clocks which ships used to carry before the advent of wireless, so that the navigator could check one with the others. At the least we must have four teams of human monitors in separate rooms with four sets of instruments linked in such a way that at least three control signals agree before control action takes place. This, of course, costs more, but only in some way like this can we reduce human errors to an acceptable level, say an error in 1,000,000 decisions.

On top of failures due to imperfections of design, are failures forced upon the design team due to economics, due to having to work to a date; and then due to the imperfections of materials, non-homogeneity, fatigue, cracking, change with time, etc. Other failures can arise due to imperfections in the constructor, and in components not specifically designed to have the reliability required for use in a nuclear power station. How can one put a reliability figure on these things, however expert one is? Ships classed A1 at Lloyd's are still mysteriously lost from time to time.

Sir Christopher Cockerell is an engineer. He invented the hovercraft.

Sealink and the islands

From Mr W. Simpson

Sir—The dispute centred around the Channel Island ferry services has resulted in some criticism of Sealink for its handling of the problem, but so far I have seen no comment upon the circumstances which gave rise to it. Although there has been a ferry link between the islands and the mainland for many years, its profitability in the summer season has always been greatly reduced by the requirement to maintain winter services, and this was a major reason why there was traditionally only one company operating such a ferry.

The decision by the Channel Island authorities to allow rival companies to offer competing services from 1985 was one which, from the start, seemed economically questionable, even without the introduction of other adverse factors. In the summer of 1985, however, Jersey allowed an unprecedented increase in cheap holiday charter flights from all parts of the UK at exactly the same time that it acquired the extra ferry capacity. More recently, as recorded in your paper, certain major car producers were allowed to import the numbers of new vehicles into Jersey, a device which apparently enabled them to improve their sales statistics, but which also artificially reduced the demand for cars. Consequently, the tourist who traditionally travelled to the islands by boat was lured into the air by the new low fares, and the ferry now found it more economically sensible to hire the shipowners' found their losses unacceptable.

Should not some of the criticism be aimed at those responsible for planning the islands' economic policies, since the combination of different aspects of the tourist industry seems to be a real cause of the present problem? W. H. K. Simpson, Bratton Hill, Slough Lane, Buckland, Surrey.

A lot of happy eaters

From Mr J. Spiers

Sir—The comments of Lex (October 4) regarding the impact of the proposed merger of Little Chef and Happy Eater appear to be based on the misunderstanding of the road-side catering business. Little Chef and Happy Eater have a policy of discouraging custom from lorry drivers, so "Micks Cafe" is unlikely to be driven out of business.

Letters to the Editor

The implication that Little Chef and Happy Eater only have a 1 per cent market share of roadside catering is arrant nonsense. Any private motorist should be aware that these two organisations already dominate trunk road catering.

As operators of cafes aimed directly at lorry drivers we welcome the proposed merger, if only because it should reduce competitive bidding for sites. As a private motorist, however, I would be astonished if the merger did not result in higher prices leading to an increase in what are already generous profit margins. A shortage of good sites is only one reason why it would take a rival organisation an absolute minimum of 15 years to construct a competitive chain. Indeed the history of both Little Chef and Happy Eater indicates the probable timescale.

Overall this seems to be a classic case for reform to the Monopolies and Mergers Commission. J. D. Spiers, Truckers Catering, 48 King Street, Royston, Herts.

The history of coal

From Lord Ezra

Sir—Mr John Lloyd, in his review of Sir Ian McGregor's book (October 4), states that there was a "view in the bureaucracy" that "under the dual control" of Joe Gormley and myself in the 1970s "inefficiencies developed and big loss-making coal pits were not closed." If this view is held it is a travesty of the facts.

Throughout the period in which we were involved old loss-making capacity was being closed and new capacity being introduced. There had to be a balance between the two because until the economic recession of 1978-80 there was a huge demand for coal and new capacity took time to introduce. The closures occurred quietly by local agreement and, with few exceptions, were not the subject of national controversy.

Throughout the period, also, the Government's financial objectives, as agreed each year, were met. This applied particularly to cash limits to which the Government attached overriding importance. Furthermore, in our time, the productivity scheme was introduced (in spite of much internal opposition); there were continued improvements

in mine safety (giving Britain the best record); new and exciting developments took place in mining technology, as a result of which the mining equipment manufacturers captured a large part of the overseas market; and a positive purchasing policy was pursued which enabled a wide range of British firms to meet the Coal Board's requirements on a competitive basis (over 98 per cent was obtained from British sources).

It is a sad reflection on present thinking about industry that the achievement of a past chairman of the NCB should apparently be measured by the number of pits closed. Important as this may be there are other more positive things to go for as well. Derek Ezra, House of Lords, SW1.

Unworthy jibe at lay magistracy

From the chairman, Magistrates' Association Council

Sir—Your local correspondent has written an unworthy article ("Changes that justice demands"—September 25) in unworthy of your newspaper. Magistrates are not "untrained" laymen, but are a considerable training in the various disciplines with which they have to deal. They are not "untested and inexperienced." The Bench will be chaired by a person with considerable experience. In addition, it should be remembered that their principal function is to assess the facts and to impose the appropriate sentence. They are guided on matters of law by their clerk, who is invariably legally qualified.

Your correspondent suggests that magistrates as a group are "nominated by local party organisations." This is a serious distortion of the facts. It is open to anyone to apply for the magistracy and applications are welcomed from individuals, groups or organisations. In fact, only a small percentage of applications come directly from political organisations. The Lord Chancellor has made it clear on a number of occasions that he wishes to see each Bench broadly reflect the area it serves. That means that the Bench should be balanced not only in terms of political outlook but also in occupation, sex and so on.

Where most thinking people will agree with your correspondent is in his description of magistrates as "worthies." The 27,000 public-spirited people in England and Wales who voluntarily undertake this demanding and important job in the administration of justice, without financial reward, are indeed worthy of respect and admiration. Dr D. I. Acres, 28 Fitzroy Square, W1.

Patently insecure

From Mr E. Parker

Sir—The abolition of the patent agency recommended by the Office of Fair Trading could lead to Soviet-style patent and licensing agencies offering (subsidised) patenting services in the UK with the aim of bypassing the national security provisions of the Patents Act, so as to have early access to British technological innovations. Another consequence could be the influx of American patent lawyers, aiming to win (ultimately for the USA) some of the \$80m "invisible" earned by UK patent agents.


If the Government is really serious about supporting and encouraging British intellectual property then it should seriously question this OFT recommendation; and, if nothing else, why the OFT conclusions are based on such an unrepresentative patent-user sample as 2.66 per cent. Eric T. Parker, PO Box 22, 63, Lincoln's Inn Fields, WC2.

Raise the tax threshold

From Mr L. Littman

Sir—It is Mr Lawson's declared aim to reduce the basic rate of income tax during this government's term of office to 25 per cent of people's income. My I plead with him to abandon a target which will cost the Exchequer a great deal

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Jaguar's new car wins US fuel tax boost

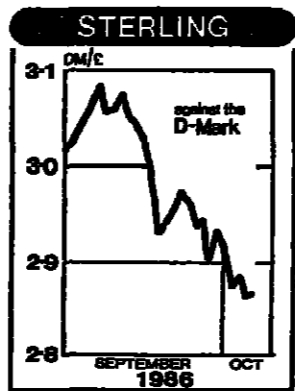
THE US authorities have told Jaguar that its new XJ6 saloons, previously code-named XJ40, will not have to pay gas-guzzler tax...

THE MOVE BY EUROPEAN CENTRAL BANKS TO HALT \$ SLIDE

Bankers match words with action

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

EUROPEAN central banks yesterday finally matched words with action. After weeks of threatening a concerted move to support the dollar...



At the Gineas meeting Mr Edouard Balladur, the French finance minister, made it clear that his Government was not prepared to accept a second devaluation of the franc...

In theory, since central banks are adding to their reserves by buying dollars they can go on intervening almost indefinitely.

The immediate reaction was what they hoped for. The dollar recovered above what the markets have come to regard as the psychologically important DM 2,000 level...

The central banks themselves, however, are aware that intervention in the European and perhaps the Tokyo markets offers only a short-term answer to their problems.

Unless there is a shift in Washington's attitudes to the role that a falling currency can play in cutting the US trade deficit...

The decision to act to slow such a decline was made at last week's meetings of central bankers and finance ministers at the International Monetary Fund in Washington.

Some central bankers clearly thought the threat might be enough to spend much of their time in Washington telling reporters how firmly they would act...

The co-ordination followed the blunt refusal of the US Administration to agree to stabilise the dollar unless West Germany and other leading industrial countries did more to stimulate their economies...

Two weeks earlier at a meeting of European Community finance ministers and central bankers in Gineas, Scotland, governments had sought to talk up the dollar in the expectation of disorder in Washington.

The aim then was to push up the US currency to a level from which it could fall without causing chaos in the markets.

For most European governments the first priority is to prevent a realignment in the European Monetary System. Early last month the dollar's steady decline created intense strains in the system...

It is these good grounds for European central bank action, there are several constraints on the long-term effectiveness of intervention to support the dollar.

European central bankers are conscious, however, that if the US remains unsatisfied with economic growth abroad or with progress in reducing its trade deficit...

Despite the publication earlier this week of some lacklustre figures for West German industrial production, the Bundesbank does not appear to have shifted from its view that it will not bow to US pressure for an early cut in its interest rates.

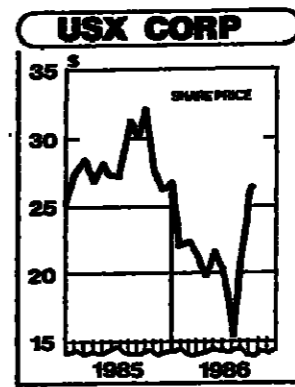
But the Washington Administration's main lever in pressuring West Germany to reduce borrowing costs is the threat of a lower dollar.

Flow long it will be prepared to allow European central banks to neutralise that weapon is an open question.

THE LEX COLUMN

Mother Hubbard's bear squeeze

Burning speculators appears to be getting harder. The widest central bank intervention in favour of the dollar - with hundreds of millions of dollars purchased - had only the most temporary effect yesterday.



shaken up, but Sears is not the first UK company to show too much patience with acquired US management.

The 68 per cent growth in licensed betting profits is impressive, but probably does not mean much of an increase in market share.

The 1 1/2 percentage point increase in William Hill margins is proof of this. But earnings growth here is hardly of retail-sector quality and pins Sears to its now traditional discount.

The idea that bears have been running large short positions, in dollars or sterling, which can be effectively squeezed is losing credibility as the intervention proceeds.

So far as the UK authorities are concerned, that makes it all the more important to present a convincing policy for money and the exchange rate.

Whether Mr Ingham will get the chance to try out some of his TWA exercises - such as the sale of equity to striking steelworkers as an incentive to a pay cut - will depend on USX's management.

If past form in this sort of transaction is any guide, the next two weeks will probably bring plans to give shareholders an immediate chunk of any future value in the oil and gas businesses, equity transformed into debt and a disposal or three.

What investors must watch out for are the odd occasions when the options tail does wag the market dog, a careful study of open interest positions can be instructive.

The case of Grand Metropolitan in recent days probably reflects buying in the last few weeks of the 420p calls due to expire this month by those hoping for a bid.

While the shares were under 420p the option market makers did not need to cover their positions. When the shares moved up they were exposed to the risk that a bid could come before the expiry date and scramble to cover in the physical market...

Butler has now managed to make a loss, so the weakness in the dollar came at the right time for Sears. The Butler team is at last being

IBM fights back with 'mini' mainframe model

BY LOUISE KEHOE IN SAN FRANCISCO

IBM, the largest US computer manufacturer, yesterday introduced an important addition to its range of office computers with the launch of a "mini" version of its main frame.

The new machine is seen as a defence against increasing competition from makers of high-performance mini-computers, including Digital Equipment, who have been eroding IBM's dominant role in the office-computer market.

Priced at between \$75,000 and \$300,000, the new series 6370 computers cover a range of departmental and small-business computing needs for about 10 to 100 users.

To help meet this challenge, IBM has made the new series launched yesterday with its recently launched Sierra range of mainframe computers.

the medium-sized computer market - the "super-mini-computers" - to the larger mainframes which can all communicate with each other.

The launch of the new range comes at a low ebb in IBM's fortunes, when it has been suffering from a general slackness in the US computer industry and a loss of business to competitors.

Only a few weeks ago it announced plans to cut its 242,000-strong US workforce by 12,000 by the end of the year, and the group is widely expected to suffer a further downturn in earnings this year for the second year in succession.

The new machine is only due to go into volume delivery in the third quarter of next year, and is expected to have little impact on IBM's earnings in 1987.

But while analysts were cautious about the overall long-term effect of the new range on the group's performance, they generally welcomed it as a step in the right direction.

There is widespread agreement in the computer industry that the variety and incompatibility of IBM's offerings in the market for medium-sized machines has imposed a serious drag on the company's growth.

Mr Craig Symons, of Gartner Group, the independent US computer consultants, said the new computers were aimed primarily at big corporate customers who were already using IBM's large mainframes.

"There are a number of companies who want to be an IBM shop exclusively and they have had a hard time implementing that plan because IBM lacked a mid-range computer offering," he said.

London attempts to ban report on Saudis

By Our Middle East Staff

THE BRITISH Foreign Office will this morning seek a High Court injunction to prevent the left-wing New Statesman magazine publishing extracts from the verbatim report of Sir James Craig, former British Ambassador to Saudi Arabia.

Mr John Lloyd, editor of the New Statesman, said last night that the request for an injunction would be vigorously opposed.

The content of the Craig document is a view by him of Saudi society. It does not in any way impinge on state security, his views are apparently widely held within the Foreign Office and the diplomatic community," he said.

Saudi Arabia is extremely sensitive about official or press criticism of its leadership, government or society. The showing of the television film Death of a Princess brought a particularly fierce reaction during Sir James Craig's period as ambassador in Saudi Arabia which ended in 1984.

There is anxiety in Whitehall that disclosures of sensitive Foreign Office documents could possibly jeopardise the visit to Saudi Arabia next month of the Prince and Princess of Wales.

Sir James was one of the Foreign Office's leading Arabists and before Saudi Arabia served as ambassador to Syria. He is chairman of the Saudi-British society and director of the Middle East Association.

Brussels to challenge microchip deal

Continued from Page 1

Karl-Heinz Narjes, the Industry Commissioner.

"The Commission cannot accept that Japan and the US determine prices to be paid by European users on the basis of a bilateral understanding," they said at the time.

They also expressed concern about the possibility of "discriminatory market access" in Japan arising out of the deal. They did not object to those parts of the agreement seeking to eliminate Japanese chip dumping in the US market.

In spite of the messages both to the Ministry of International Trade and Industry (MITI) in Japan, and to Mr Clayton Yentzer, the US Trade Representative, "the Community is dissatisfied with what it has learned about the semiconductor deal," the Commission official said last night.

The parallel actions to be launched by the EEC will be to seek consultations under Article 22 of the Gatt, also to begin action under Article 15 of the anti-dumping code.

Washington and Tokyo have been informed in writing about the impending action.

Bonn ruling parties close ranks to denounce SDP's policies

BY PETER BRUCE IN MAINZ

WEST GERMANY'S governing Christian Democrats and Christian Social Union (CDU/CSU) parties buried their pre-election differences yesterday in a series of stinging attacks on the opposition Social Democrats defence and foreign policies and on the country's trade union movement.

To loud cheers at the CDU convention in Mainz, Mr Franz Josef Strauss, the Bavarian leader and chairman of the CDU, warned that CDU opposition to the stationing in Germany of US Pershing II cruise missiles could lead the country into neutral nationalism.

He also attacked the British Labour Party's decision to remove all US nuclear weapons from the UK if it came to power, warning that such an event would be "very serious."

Mr Strauss, who had upset some CDU leaders by threatening to enter the campaign for next January's election with his own and not, as usual, a joint platform, promised yesterday that he would be prepared to begin work on a combined programme after the Bavarian state election next Sunday.

Chancellor Helmut Kohl, who is also leader of the CDU, had earlier thanked Mr Strauss for his co-operation in Government "although there have sometimes been difficulties, some understandable and some not."

Mr Kohl went on to warn that "powerful forces in the SPD threatened to destroy the worldwide belief in the ability of the Germans to keep the peace" by trying to nudge the country towards neutrality.

In a keynote speech, which for the Government effectively opened the general election campaign, he attacked the trade union movement for selling out last month Nene Heilmat, its huge property group, for DM 1. The unions had been threatening to enter the election campaign on the side of the SPD, but Mr Kohl gave notice yesterday that if they did the Government would continue to raise the damaging and embarrassing Nene Heilmat issue.

Mr Strauss, who said that the issues in his state election campaign would mirror those in the federal poll, also warned the Government against applying too much pressure on the South African Government to end apartheid. He said that the present political structure in South Africa was being stressed to its limits and that a military dictatorship might emerge if President Botha fell.

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World Weather

Table with columns for location, temperature, and weather conditions. Locations include Alaska, Arizona, Australia, etc.

Nato and Japan review export curbs on China

BY CHRISTIAN TYLER, TRADE EDITOR, IN LONDON

THE NATO allies and Japan are considering a further relaxation of their strategic export controls on China, according to the British Government.

Discussions in Paris early next year will review the list of industrial equipment and instrumentation that cannot at present be sold to China and other Communist countries without special approval.

Last year, the vetting committee for export controls, known as Co-Com, relaxed the rules for sales of computers and related technology to China in a major review. Further liberalisation in this area is possible.

Some member-countries of Co-Com would like to see China removed entirely from the list of countries to which goods of potential strategic value may not be sold. But no formal proposal to this effect has been made.



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JOBS

The Cathcart Complex, and how to avoid it

BY MICHAEL DIXON

OF THE MANY neuroses that higher-grades workers are prone to, one of the most insidious is the confidence-sapping "Cathcart Complex." It is named after a character in the war novel *Cathcart*, whose pride in being a colonel undermined by his shame at being no more than a colonel at nearly 40.

It is fortunately rarely met with in its most virulent form. For at its worst, the neurosis is apt to make life trying not just for the immediate victim but for everyone else around. I know it because I once had a chief whose incessant urge to fire the entire workforce was matched only by his fear that the whole lot were plotting to quit without notice the next Friday night.

The mayhem - creating potential of the Cathcart Complex is such that those of us who are free from it would do well to watch sensitively for signs of its milder versions in other people, and refrain from aggravating them. But I am sad to say we do not always do so.

Take for example something which commonly occurs when this column is approached by recruiters who are not themselves accountants, and who want help in filling a job in financial management.

When I respond by asking if candidates must be professionally qualified, the recruiters

reply as often as not goes as follows:

"Oh yes. We definitely want a chartered accountant."

On those occasions I instantly feel deeply distressed on behalf of the many people - no doubt including a lot of readers - who are not chartered accountants, but fully fledged members of one of the other esteemed branches of accountancy such as the certified or cost-and-management varieties.

Since they too have worked hard and well to qualify, the lay public's crass tendency to equate a professional accountant with a chartered accountant must represent a constant risk of driving them into Cathcart Complexes of galloping proportions.

In some any reader is in that position and feels the neurosis creeping on, however, today brings a message of hope. I have just heard of one cost and management accountant who has neutralised the pressure by a simple pretext. He has given up using the title "accountant" altogether, and calls himself a "profits engineer."

Pay indicators

THE TABLE up there to the right continues the Jobs column's extracts from the autumn batch of salary surveys. It refers to the more usual sort

	Lower quartile		Median		Upper quartile		Average		% who were paid bonus	% with company car	% with free petrol	% with 5 weeks holiday
	Basic salary	Total money rewards	Basic salary	Total money rewards	Basic salary	Total money rewards	Basic salary	Total money rewards				
Engineering director	23,180	23,502	26,800	22,200	34,100	40,430	36,719	34,679	48	91	44	28
Senior function head	19,752	19,752	23,434	22,034	26,620	30,000	25,338	24,394	50	87	47	21
Function head	17,354	17,498	20,143	20,500	23,540	24,622	21,111	21,954	50	67	47	22
Department manager	16,426	17,031	19,291	19,839	21,700	22,450	19,729	20,360	38	60	31	17
Section manager	15,300	15,400	16,992	17,499	19,292	19,967	17,729	18,329	34	35	14	20
Section leader	13,616	14,231	14,504	15,070	16,590	17,753	15,598	16,385	40	29	3	11
Senior engineer	11,298	12,509	12,650	13,447	13,959	14,858	12,843	13,460	44	12	2	12
Engineer	9,834	10,580	10,495	11,060	12,132	13,044	11,217	12,036	41	15	2	11
Junior engineer	8,955	8,532	8,850	9,402	9,800	10,670	9,021	9,441	30	3	—	8

of engineers who also, of course, do not generally get the public esteem which their abilities really deserve.

The figures are drawn from the study just published by Remuneration Economics, which is based on the pay and perks of 8,573 engineers employed by 119 organisations of various sizes throughout Britain. Full details of the survey can be obtained from Peter Stevens of Remuneration Economics at 51, Portland Road, Kingston-upon-Thames, Surrey KT1 2SH; telephone 01-849 8728.

All I have room to provide are indicators of the rewards prevailing, as at July 1, among engineers at nine descending orders of seniority. Besides showing the lower quartile, median, upper quartile and average salaries and total rewards received in money, the

Finance aces

NOW to two jobs with different organisations being offered through headhunter John Courts. As is always the case in this column when a recruiter may not name the employing

concern, he promises to abide by any applicant's request not to be identified to his clients at this stage.

The first post is with a London-based management consultancy specialising in supplying financial expert advice on such matters as acquiring new and selling off old subsidiaries, and internal profit-improvement and control.

The newcomer, who will bring the number of consultants up to half a dozen including the outfit's chief, will have been successful in commercial financial management after gaining one of the main accountancy qualifications.

Mr Courts says candidates should have been exposed to — as distinct from responsible for — business failures as well as triumphs, and be able to generate fresh ideas for the

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Age is not of primary importance in this appointment, so long as the candidate possesses the experience, capability and maturity to give direction and leadership to a highly motivated sales team. You should have at least two years Eurobond sales experience preferably with a premium house and a broad-based background in the Eurobond market.

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To apply, please write in complete confidence to the advisor on this appointment: **John Sears, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB** or telephone: 01-629 3532.

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This is a senior post in the Economic Development Division and the post holder will be required to have:

- An accountancy qualification or an MBA followed by several years' business experience at management level, preferably against a varied industrial/commercial background.
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J.A. DAVIS County Personnel & Management Services Officer

Clwyd THE COUNTY OF WALES

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NM Rothschild & Sons Limited, Merchants & Bankers, are experiencing an increase in their lending activity. The Credit Department is organised into three teams headed by a Director or Assistant Director and a requirement has now arisen for additional executives.

The successful applicants will be appointed to Assistant Manager positions reporting directly to a Team Leader. The duties will include the analysis, negotiation and structuring of a wide variety of corporate credits, both on a direct and syndicated basis.

Candidates are likely to have had experience in a lending environment in a clearing, commercial or merchant bank, or in the Treasury department of a large company, and will be familiar with the latest methods of raising finance in the capital and credit markets. They should preferably possess a banking or accountancy professional qualification. The expected age range is 25-28.

An attractive remuneration package will be offered which includes a profit sharing scheme.

Please forward your full curriculum vitae to:
Personnel Director
NM Rothschild & Sons Limited
New Court
St Swithin's Lane
London EC4P 4DU.

N.M. Rothschild & Sons Limited

ECONOMIST

The Chase Manhattan Bank wishes to appoint a young economist to join its London based Economist Group. Work of the Group includes financial market analysis and forecasting, general economic appraisal and country risk analysis.

Applicants should be in their 30's with a good economics degree(s), training in quantitative methods, and (ideally) knowledge of a second European language. Although some experience in a financial environment would be an advantage, recent graduates are not excluded.

The post carries an attractive salary plus the usual benefits associated with a large International Bank.

Please apply in writing, giving full details of qualifications and experience together with names of referees, to:

G 8 de Nemeshert-Kiss
THE CHASE MANHATTAN BANK N.A.
Europe Area Office
3 Shortlands
Hammersmith
London W6 8EZ



The Mortgage Corporation

The Mortgage Corporation, a subsidiary of Salomon Inc., has from its inception adopted a unique approach to the domestic mortgage market. To meet the demands and challenges of their developing presence in the UK they are now seeking to appoint two individuals of outstanding ability.

INVESTOR ACCOUNTING MANAGER

Reporting to the Director of Finance, this newly created position will carry responsibility for the securitisation of mortgage assets.

The successful candidate is likely to be an ACA with a 'Big 8' background, aged 25-30 with exposure to the securities industry, highly motivated and able to display a successful performance record to date.

The role will appeal to achievers who perform at their best in a dynamic and fast moving environment.

Both these positions will be based at The Mortgage Corporation's new London Headquarters at Victoria Plaza, and both carry exceptionally attractive remuneration packages which include banking benefits. For more information about these positions, please telephone David Ryves on 01-930 7850 or write giving brief details, to the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

TREASURY MANAGER

Reporting to the Director of Finance, this challenging role demands an individual capable of developing effective cash management systems and policies.

From day one you will be heavily involved in minimising interest costs, reviewing credit lines, analysing and acting upon interest rate movements, cash flow planning etc.

This position is likely to suit an individual aged 27-30 with a minimum of 5 years treasury experience gained within a securities/trading environment.

Jonathan Wren

SYDNEY

LONDON

HONG KONG

JUNIOR PORTFOLIO MANAGER

The portfolio management division of an International Investment banking institution is recruiting a young fund manager to help develop new global equity products.

Suitable applicants will have had some experience of equity management and will be conversant with quantitative techniques. An essential qualification will be a willingness to re-think conventional equity management methods in today's internationalised markets.

An attractive salary and banking benefits package is available to the successful candidate, together with an opportunity to progress with a small but dynamic team. Contact Roger Steare or Fiona Pearson.

Jonathan Wren

Recruitment Consultants

No. 1 New Street, London EC2M 4TP. Tel: 01-623 1266

Corporate Finance

Samuel Montagu & Co. Limited - a member of the Midland Bank Group - is now recruiting additional executives for its expanding Corporate Finance Division.



SAMUEL MONTAGU

You will be either a Chartered Accountant or a qualified solicitor, in your mid to late twenties, and will have at least one year's post qualification experience with a major City firm or merchant bank.

You will be self-motivated and be able to demonstrate high standards of professionalism and a strong determination to succeed.

Prospects for progression are excellent. The remuneration package is highly competitive and will include the usual banking benefits.

Please write with full personal career details to:

Ian McIntosh, Managing Director,
Samuel Montagu & Co. Limited,
114 Old Broad Street, London EC2P 2HY.

Manager Euronote Syndications London

A major International Bank requires an active manager to join its international capital markets division in London with the prime responsibility for the further development of their syndicated Euronote capacity.

Working closely with the marketing managers and the head of sales, responsibility will include origination, structuring proposals, pricing, negotiating and syndication of European business together with the syndication of transactions originated in other parts of the world.

Directly relevant experience is necessary for this role in a Bank where initiative is welcomed. Full banking package is available.

For further details please write or telephone in strictest confidence quoting ref: M0DE2-

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Telephone:
01-440 9446 (9am-5pm)

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and will be given every support necessary to attain early success while enjoying the high degree of flexibility and freedom to operate, so vital at this level and in this type of activity.

A good knowledge of financial oriented or City based recruitment at senior levels, either with a consultancy or in line management, would be advantageous. Alternatively, if your experience is of any other particular industry, we would also be delighted to hear from you.

Based in Mayfair, you will receive an attractive, comprehensive package which includes a company car and incentive scheme. In complete confidence, please telephone or write to John Dieck, Director.

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CJA

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Opportunity to establish dealing desk from scratch.

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SUCCESSFUL EURO-SECURITIES DEALER

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£35,000 - £50,000 + BONUS

INVESTMENT MANAGEMENT SUBSIDIARY OF PROMINENT MERCHANT BANK

Our client seeks applications from successful dealers who must have had at least 3 years' euro-securities experience in a merchant banking, stockbroking or unit trust environment; candidates must have gained exposure to international funds and should be able to speak French or German. Fixed interest knowledge will be an advantage. The selected candidate will have sufficient initiative and understanding of the market place and market structure to know where best to execute a deal at best price, as well as knowing the people and the system post 'big-bang' to give maximum advantage in the effective transaction of business. Other key personal attributes are integrity, quick-wittedness plus the ability and desire to get on with others. Initial base salary will be in the range of £35,000 - £50,000, plus attractive bonus arrangements, as well as an excellent range of banking benefits including subsidised mortgage. Superior performance will be reflected in further appropriate rewards.

For this assignment we are particularly keen to hear from candidates in strict confidence by telephone on 01-628 5233 or alternatively written applications quoting reference SED16322/F1 will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager, CJA.

CANNELL-JONESTON RECRUITMENT ADOPTERS LIMITED, 20 NEW BROAD STREET, LONDON EC2M 1NH.
TELEPHONE: 01-588 3588 OR 01-588 3576. TELEX: 887374. FAX: 01-256 8501

Organization Resources Counselors, Inc.

GENERAL MANAGER Human Resources Consultancy LONDON

Organization Resources Counselors, Inc (ORC) is an international consulting firm offering professional assistance to management in dealing with the human resources of organizations. ORC has offices in the UK, France and Canada, as well as the United States, to serve the needs of national and multinational enterprises and organizations. ORC's International Subscription Service is used by over 1,000 multinational clients in determining the pay of their expatriate personnel. The London office services British and International clients in all aspects of Human Resources and remuneration.

The ideal candidate should have excellent company and consultancy experience, strong marketing capabilities, an interest in growing the business and preferably have worked for a period outside the UK. Additionally the candidates should recognize the challenge of managing a small team of professionals and have a particular area of specialization in the field of Human Resources management and thereby be recognized as a leader in the profession. This position reports directly to the President of ORC in New York.

Please reply, with detailed curriculum vitae, to:
W. D. Setzand, ORC
78 Buckingham Gate, London SW1E 6PE

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London Life, founded in the City of London in 1806, is one of the oldest Mutual Life Companies in the world, known for its consistent and excellent performance record with a high reputation for professional service and integrity. We are one of the very few Companies who pay no commission; a powerful combination in the rapidly-changing Financial Services Industry.

We have an ambitious programme of planned expansion. This expansion creates further career opportunities in our City of London offices where we specialise in providing a detailed service to Partnerships, Corporations and individuals, particularly with regard to pensions provision and tax planning through the use of our products.

Ideally you will be aged 30-45 and have a progressive record of achievement in your career to date. Selling our products demands good interpersonal skills, enthusiasm, integrity and not least the energy to make things happen.

We will give you a thorough and professional initial training which is perhaps the most comprehensive in the industry with over 400 hours in the first nine months, followed by a career development programme which will allow you to pursue either a specialist or sales management role.

We have a demanding selection procedure because we believe that we should recruit the highest quality of staff and retain them by offering rewards and working conditions that are among the best in the industry. These comprise of high salary, car, subsidised mortgage, bonuses, non-contributory pension, life and disability scheme and five weeks' holiday.

If you are challenged by the opportunities presented by a growing and successful Company committed to employee development then write with full career details, or better still telephone in confidence to:

G. M. Simms
The London Life Association Limited
215 Bishopsgate, London EC2M 3XX
Telephone: 01-377 0660



International Economists

London

The ANZ Banking Group is a major international banking organisation, employing some 38,000 people in 47 countries. The Group's International Economics activity is co-ordinated from London, and the expansion has resulted in the following opportunities for Economists.

There are two posts, one of which will be for a fixed 2 year term. Each requires a seasoned professional, with 5-10 years' experience of giving economic advice in a business environment - preferably in an international financial institution. The ability to communicate effectively with non-economists is essential, as is a good academic background and the ability to work under pressure.

Experience in less-developed countries would be useful, as would foreign language proficiency. A particularly important aspect of the International Economics Department's work is the assessment of country risk. Other areas of work include longer-range forecasts for planning purposes, money market analysis, exchange-rate forecasts, industry and commodity studies, and assisting the Group's marketing programme through the publication of reports and articles.

Salaries will be dependent on experience and qualifications, and will be in line with current market rates. In addition a benefits package including free lunch, personal loans and mortgage facilities is offered.

Please send full curriculum vitae to: Mrs. G. M. Sullivan, Personnel Officer, Australia and New Zealand Banking Group, Minerva House, Montague Close, London, SE1 9DH.



Australia and New Zealand Banking Group Limited.

SYDNEY **Jonathan Wren** LONDON HONG KONG

RECRUITMENT CONSULTANCY

**Banking/Finance/
Stockbroking/Accountancy**

Jonathan Wren & Co. Limited, established in 1968, is acknowledged to be the largest banking recruitment specialist in the world.

We have just moved into larger, air conditioned premises, which have been completely replanned, refurbished and tailor-made to match the specific needs of a major recruitment consultancy.

We are now in the position to further expand our consultancy teams and seek highly motivated recruitment consultants who can clearly show success to date in the following general areas: banking, finance, stockbroking and accountancy, or, specialists with a detailed knowledge of specific banking areas such as capital markets, foreign exchange, investments, merchant banking etc.

We would be very interested in talking to individuals, teams, or indeed any recruitment company that specialises in the financial services or allied areas, who feel that they could benefit from being part of Jonathan Wren.

We can offer first class administrative and technical support, advertising budgets, realistic targets, competitive salaries plus generous commission, company car and of course our name, of which we are justifiably very proud.

For an informal and confidential discussion, please write or telephone
Brian Gooch, Director or Mark Forrester, Director.

Jonathan Wren
Recruitment Consultants
No. 1 New Street, London EC2M 4TP. Tel: 01-623 1266

**THE UNIVERSITY OF
MANCHESTER
MANCHESTER BUSINESS
SCHOOL
FELLOWSHIP IN
STRATEGIC
MANAGEMENT**

Applications are invited for the above post from candidates with a good first degree and preferably a higher degree in a relevant area. The successful candidate will also be able to demonstrate a high level of teaching capability and/or relevant industrial experience. The primary responsibility of the appointee will be to teach Strategic Management on the MBA Degree Programme and to senior executives on company courses in the School, although an involvement in research activities would also be encouraged. The appointment initially will be for a period of four years but arrangements for a secondment to industry or other educational institution for a period of not less than one year are possible. Salary within range £20,000 to £32,000 plus £12,700 in the case of a secondment to industry. Further particulars and application forms (returnable by November 10th, 1986) from the Registrar, The University of Manchester, M13 9PL. Quote ref: 231/86/77.

**FOREX
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For Forex, Capital Markets and Treasury appointments consult a specialist agency
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Prison Road House
9-10 College Hill, London EC4R 1AS
Tel: 01-248 0283

REPUTANT SALES Managers and Executives
01-253 8484

Director General
CHEMICAL INDUSTRIES ASSOCIATION

To succeed Mr Martin Trowbridge, who retires in May 1987. The C.I.A. is both the Trade and the Employers body for the chemical and allied products industries, and is London based.

• **RESPONSIBILITY** is for representing members' interests nationally and internationally to governments and to the community, taking a leading part in strategy formulation; and ensuring that the organisation provides cost effective services to the membership.

• **THE REQUIREMENT** is for a record of successful management on a sizeable scale, adequate knowledge of this industry, and public relations skills in dealing with the media, Whitehall, and further afield up to a high level.

• **PREFERRED AGE:** up to 53. Salary negotiable about £50,000, with generous pension arrangements.

Write in complete confidence
to A. Longland as adviser to the Association.

TYZACK
5 PARTNERS LIMITED

10 Hallam Street, London W1N 6DJ. Telephone: 01-580 2924

Pensions Administration Manager

Associated British Foods

Associated British Foods, one of Europe's largest and most successful food organisations, administers a pension scheme with a fund of over £400m for more than 10,000 pensioners and 13,000 contributory members.

We are looking for an experienced pensions professional to fill the position of Pensions Administration Manager. Reporting to the Group Pensions Manager, you will have overall responsibility for the benefit administration function. This role will also be expected to play a major role in evaluating pension legislation and its effect on

Central London

the ABF pension arrangements. Aged at least 30, you should be a member of the FMI and have a number of years of pensions experience.

A good salary and an excellent benefits package will be offered.

Please write with full personal and career details, indicating current salary, to Derek Yarrow, Group Pensions Manager, Associated British Foods, 24-26/27 Russell Square, London WC1B 4LA.

Fund Management - UK Equities

Package c £70,000 plus attractive benefits

This is an opportunity to make a significant contribution to the management of the UK Equities operation in one of the country's leading financial organisations.

In addition to your responsibilities for developing UK investment strategy you will also manage the Company's flagship portfolio which is one of the largest in the City. In this role you will enjoy full discretion and all the support you need from a team of experienced analysts and from the additional resources you consider necessary.

You will already be an expert in UK Equity investments and must be able to demonstrate an impressive performance

record over the last few years. You must also possess the management and communications skills required for a position at this level in a Company of size and quality. You are likely to be in your thirties/early forties.

The compensation package offered reflects the Company's commitment to hiring one of the very best specialists in this field. Future prospects for advancement are excellent and success in this highly visible activity is bound to lead to increased responsibilities.

To apply, please write in complete confidence to: **John Sears, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB or telephone: 01-629 3532.**

**John Sears
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INVESTMENT OPPORTUNITIES Fund Management & Research

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We are currently acting on behalf of a number of investment institutions ranging from small independents to those within the new conglomerates.

We are interested in hearing from individuals who are either managing funds in the following sectors, or who are in a research role as analysts/economists.

★ UK, European, or N. American Equities
★ Fixed Interest Instruments

MCP's experience and range of clients in the Financial Sector enables us to match the career advancement plans of high calibre investment staff with our clients' recruitment and manpower programmes.

To arrange an informal and strictly confidential meeting please telephone Derek Burn or Robert Winter on 01-405 9000/1, or send your CV to either of the above, quoting ref: 10/556 at the address below.

**MCP
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CONSULTANTS**

Lowmance House 51 Gray's Inn Road London WC1X 8PP

ARAB BANKING CORPORATION requires the services of an ARABIC-SPEAKING ECONOMIST

based in London to originate economic publications in Arabic and English and to prepare translations of bank documents.

The applicant should be a Middle East specialist with some experience of economic analysis. Mother tongue Arabic and fluency in English, French and Italian and MSc or equivalent qualification are absolutely essential for this position. Candidates should be in their mid-20s and hold a valid UK work permit.

Salary will be according to qualifications and experience. Replies should be marked Strictly Confidential and addressed to:

Economic Publications Unit
ARAB BANKING CORPORATION
5th Floor, Arab Banking Corporation House
1-5 Moorgate, London EC2R 6AB

ASSET MANAGERS PLC DIVIDEND CLERK

An experienced dividend clerk is required for a leading fund management company specialising in private client portfolios. The applicant will be responsible for maintaining all client dividend records. Salary will be negotiable according to age and experience.
Apply - Asset Managers PLC, Plantation House, Fenchurch Street, London EC3M 3JX. Telephone: 01-229 7251



بنك الرياض RIYAD BANK

London Branch
Licensed Deposit Taker

ASSISTANT MANAGER - CREDIT & MARKETING DEPARTMENT

Riyad Bank, a leading Saudi Arabian Bank, is currently seeking an Executive to join the Credit and Marketing team of its London Branch.

The successful applicant will have gained at least three years wide international experience of credit analysis together with an ability to communicate with corporate clients at the highest level.

Experience of Saudi Arabia would be an advantage.

An attractive salary plus normal banking benefits will be offered.

Please apply in writing with full career and personal details to:
**The Chief Manager,
Riyad Bank, London Branch, Licensed Deposit Taker,
Temple Court, 11 Queen Victoria Street,
London EC4N 4XP.**

EUROMONEY

Euromoney Publications PLC intends to recruit two people in its growing international conference business:

Conference Sales Position

A competent marketer is required to research, develop and sell international marketing services to senior personnel in financial institutions.

Aged 25-35, the candidate should be a graduate with sales experience and preferably should have a language ability and some experience with a financial services organisation. This job will involve extensive overseas travel. An attractive remuneration package will be offered to the successful candidate.

Seminar Co-ordinator

A graduate aged 23-30 is required to research, structure and produce a series of seminar programmes on financial techniques. This candidate should be able to quickly learn and assess complex financial products. Salary commensurate with experience.

Please reply in writing to:

**Judy Kynnersley
EUROMONEY PUBLICATIONS PLC
Nestor House, Playhouse Yard, London EC4V 5EX**

Credit Analyst International Banking

City c£20,000 + benefits

Our Client holds the venerable position as one of the oldest and largest International Banks in the World. With an established tenure in London, they are a well-known and respected institution.

Presently, the Bank is seeking a Credit Analyst with a minimum of 2/3 years relevant experience covering UK and European Companies. Aged ideally in your late twenties you must possess

sound written and oral communication skills and be able to work well in a team. Above all, flexibility is required.

For the successful candidate, progression within this expanding Company would be envisaged.

Please contact, in complete confidence, Leslie Thorsen Bensley, quoting Ref: LTB097.

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Associates**

International
Search and Selection
160 New Bond Street, London W1Y 0HR
Telephone: 01-409 1371

CURRENCY LINK-BROKER

Due to expansion we have a vacancy in our Luxembourg Office for an experienced link-broker.

The successful applicant will have had at least two years experience in money markets. A working knowledge of French would be preferred.

An attractive remuneration package will be offered, commensurate with experience.

Applications, in confidence to: Mrs. L. M. Cox on 01-248 3242 to arrange an interview, which will be held in London.



**FULTON PREBON
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General manager – fund administration company

Isle of Man, £40,000 neg



This is an opportunity to manage the administration of one of the world's most prestigious and successful fund management groups. It has a select high-wealth client base and in 3 years has achieved funds under management of around \$1.5 billion. High growth will continue and the need for expert administration is absolute.

You will manage the new administration centre established on the Isle of Man (standard rate of tax 20%) which will provide registration, valuation and accounting services to over 30 mutual funds and unit trusts worldwide. With the support of a small team, you will continue the development of appropriate systems using computer facilities where relevant and liaise with clients, investment managers and advisers around the world.

We are looking for a professional manager with experience in securities, stock exchange procedures, computerised registration and valuation systems and general fund or unit trust administration. High standards and the confidence and communication skills to front the operation are imperative. Opportunities for advancement are excellent. Terms need not be a limiting factor.

Please write, enclosing your curriculum vitae and daytime telephone number, to Stephen Blaney, Ref B317.

Coopers & Lybrand Executive Selection

Coopers & Lybrand Executive Selection Limited
Shelley House, 3 Noble Street
London EC2V 7DQ

Manager Gilt and Fixed Interest Operations Salary Negotiable

One of the prime UK investment/merchant banking groups seeks a Manager, Operations, to join the Gilt and Fixed Interest Department of its asset management company. Currently, all operations/administration are handled centrally and it will therefore be the successful applicant's job to establish this group as an independent unit. Initially, there will be a high computing content.

Candidates, preferably in their late 20's to mid 30's, should have extensive experience of valuations and settlements within a well known organisation, or have a sound background in computer-based securities. Strength of character and a good degree of self-motivation are required. Man-management skills are essential, as is the ability to deal with clients in a professional and competent manner.

Those interested in an excellent career opportunity with this successful major financial institution should contact Kate Spyns on 01-404 5751, or write to her, enclosing a comprehensive CV at 39-41 Parker Street, London WC2B 5LH, quoting ref. 3686.



Michael Page City

International Recruitment Consultants - London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

A major agency group is making a big investment in corporate and financial communications. Some of that investment could be in you

The Group in question has a profit record that most agencies would envy. Equally impressive is its record of getting into new communications markets with the right product at the right time, and of turning new ventures into thriving businesses with uncanny consistency.

Corporate and financial communications is its latest such venture.

The Group has the necessary financial resources and an established business infrastructure. It has proven management ability and creative quality.

It even has a prestigious address within the Square Mile itself.

What it needs now is a catalyst to activate all these ingredients—a senior man or woman with substantial experience of financial marketing and of the many ways in which financial organisations communicate with their key audiences.

We're not talking about a run-of-the-mill account handler.

We're talking about someone who can initiate and nurture good client relationships, and plan and implement complex and sophisticated communications strategies.

Someone whose career is sharply in the ascendant in financial services marketing, or whose agency career (equally meteoric, of course) is perhaps tending towards planning rather than conventional account management.

Someone who knows their way around the City, but who perhaps feels they deserve to be closer to the centre of the action than they are at present.

If such a description could apply to you, and if you're genuinely interested in an ambitious venture that's every bit as exciting in reality as it is on paper, please write quoting reference PD/86 to:

Mr M. A. Forsythe, Francis Kaye and Co., Chartered Accountants, Winchester House, 60a High Street, Acton, London W3 6LE.

"Rumbelows"—giving credit where it's due

Trading in the High Street has undergone revolutionary change in the past few years and Rumbelows in keeping with other leading retailers has repositioned itself to take advantage of these changes and is securing a significant market segment for future growth. Part of this repositioning has been the expansion of the credit business and we are currently looking for two professionals to expand and develop this new function.

CREDIT BUSINESS MANAGEMENT

£20K + 2 litre car Bolton, Lancs.

The Credit Business Manager will be based at our administrative complex in Bolton and will control a staff of around 80. He/she will have full responsibility for overall credit limits, standards and an active involvement in legal and fraud aspects connected with debtors.

Consequently, an eye for detail is essential, together with an understanding of computer systems and the ability to forward plan and be one step ahead of market trends. The successful candidate will be aged 26-40 and presently working with a finance company or may perhaps be an accountant or business graduate who has moved over to credit finance.

CUSTOMER ACCOUNTS MANAGER

£17K + 1.6 litre car Bolton, Lancs.

Based in Bolton, the position controls 80-100 staff and is heavily involved in customer accounts, with emphasis on credit, such as H.P. coverplan, credit card etc. The credit business is booming and forms a large portion of the overall budget so the Customer Accounts Manager must also give active support to the commercial side of the business. Therefore, not only must he/she have a sound knowledge of credit management but must also have the ability to make a contribution to the overall business objectives of the company. Necessary attributes are man-management skills and an innovative forward thinking approach.

The chosen candidate will be aged 26-40, ideally a graduate with either a catalogue or retail background. He/she will have had thorough credit experience and be systems orientated. Customer Accounts staff liaise direct with customers, so the projection of the Rumbelows image to the general public will depend largely on the PR skills of the department manager.

As part of the Thorn EMI group, you'd expect Rumbelows to offer a substantial salary and benefits package. And we do in addition to an excellent salary and company car, there's our excellent pension scheme and membership of BUPA.

To apply for either of these positions send a brief CV to Linda Blythe at: Rumbelows Ltd., Trinity House, Trinity Lane, Walkham Cross, Herts.

RUMBELOWS

DM/ECU Trader

Build your team with this top International Capital Markets Firm

You have flair and talent in the DM/ECU sector and are now ready to build your own team with a group that does everything possible to ensure the success of its traders.

Working closely with the Head of Dealing you will have the opportunity to make markets in a wide range of securities. The environment is highly creative and this house is committed to significant development of its

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You are between 25-30 and have traded in DM bonds for at least 3 years. The opportunity for career development is excellent and the compensation package is outstanding.

Candidates should write with CV to John Sears, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB, or telephone 01-629 3532.

John Sears and Associates
A MEMBER OF THE SMAC GROUP

Swedish Executive

As part of the important expansion of a British Merchant Banking Group's activities in Continental Europe, their Banking and Capital Markets Division is looking for a young Swedish executive in his/her early thirties who, ideally at present, is working as a treasurer to a Swedish company based in Sweden. This experience as a treasurer does not need to have been more than four years. A degree in Business Administration and the ability to speak other European Languages as well as Swedish will be a distinct advantage.

The successful candidate will be expected to market new and existing business for the Scandinavian market.

Applications, including full curriculum vitae should be sent to: Box No. A0288, 10 Cannon Street, London EC4P 4BY.

SPOT DEALERS

We would like to hear from spot dealers who feel that their careers are not progressing quickly enough with their current bank. We would particularly like to hear from dealers with two years, or more, active experience on the principle currencies i.e. Yen, DM, Sfr, Sfr and Paris etc. Our clients are good name European, US and Antipodean banks in London. Assignments being handled cover a broad area and we require specialists on individual currencies as well as those who prefer to run more than one book simultaneously.

Remuneration package varies according to age and experience sought.

STERLING DEALER

Due to expansion, our client, a "blue chip" UK bank require a number 2 on their sterling trading desk. Probably aged early to mid 20's, you will have had at least two years broad based experience in the sterling market, including treasury instruments etc with an institution recognised for its expertise in this area.

Salary is negotiable to £25,000 + benefits.

Please contact Jasmine Walker at:-

Roger Parker Organisation 65, London Wall
London EC2 5TU
01-588 2580

FX, TREASURY AND CAPITAL MARKETS RECRUITMENT SPECIALISTS

CORRESPONDENT BANKING

c. £30,000 + Car

Our Client, a leading North American Bank, is looking for someone with good marketing experience in Correspondent Banking in Europe. Some exposure to Scandinavian Banks would be an advantage but is not essential. This position is likely to suit a graduate banker aged in middle 30's looking to further his/her career.

FX TRADER

c. £15,000 - £35,000

Several of our Clients are seeking experienced Foreign Exchange Traders to help with their expansion plans over the next few months.

To discuss any of these positions please call Tom Kerrigan on 01-588 4303 or send full cv. to

Tom Kerrigan Associates
20 Wornwood Street, Bishopsgate, London EC2M 1RQ.

TOM KERRIGAN ASSOCIATES LTD
RECRUITMENT CONSULTANTS

Economics Editor

The Straits Times, Singapore's leading English-language daily, needs a first-rate journalist to lead its team of reporters covering economics, business and finance.

This is a senior appointment; the Economics Editor will report directly to the Editor.

We expect him or her to have a firm grasp of this increasingly complex subject and the managerial skills to direct coverage and tutor promising economics journalists.

We offer excellent terms and a challenging opportunity for a long-term career. Please write (mark the envelope "Economics Editor") to:

The Straits Times
102 Temple Chambers
Temple Avenue
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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday October 8 1986

NOMURA
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Profits at Svenska
Handelsbanken rise
91% in eight months

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM
SVENSKA Handelsbanken, Sweden's second-largest commercial bank, boosted group operating profits by 91 per cent in the first eight months of the year to SKr 2,240m (\$322m).

Viacom
rejects
revised
offer

By David Blackwell in New York
VIACOM International, the US broadcasting and cable television group, has decided not to accept a leveraged buyout proposal by an investor group which included some of the company's senior management.

John Wyles in Rome looks at official criticism of Italy's largest bank
BNL accused of weak management

WEAKNESSES in the management of Italy's largest bank, Banca Nazionale del Lavoro (BNL), have been highlighted in a confidential report by Banca d'Italia, the Italian central bank.

Trelleborg
income
increases
sharply

Financial Times Reporter
TRELLEBORG, the Swedish rubber products group, reported a strong increase in profits and has revised upwards its forecasts for the whole year.

Zondervan seeks buyer

BY OUR NEW YORK STAFF
ZONDERVAN, the largest publisher of Christian books and the second biggest printer of bibles in the US, has directed Smith Barney, Harris Upham, its financial adviser, to seek a buyer for the company.

Kroger plans
to withdraw
from St. Louis

By David Blackwell in New York
KROGER, the second largest US retail food chain, plans to withdraw from the St. Louis, Missouri, area as part of its previously announced corporate restructuring.

AEG sales rise limited by \$

BY ANDREW FISHER IN PADERBORN
AEG, 56 per cent owned by Daimler-Benz, booked a 13 per cent increase in new orders to DM 8bn (\$4bn) in the first eight months of 1986 compared with the same period a year earlier.

Stora profits hit by fall in pulp prices

BY SARA WEBB IN STOCKHOLM
STORA of Sweden, Europe's leading pulp and paper producer, announced a 13.5 per cent drop in profits, after financial items, to SKr 570m (\$83.4m) against SKr 661m in the first eight months of last year.

FN to cut
costs in wake
of strike

By Quentin Peel in Brussels
FABRIQUE Nationale Herstal (FN), the Belgian small-arms and electronics manufacturer, yesterday announced a 3Fr 1bn (\$24m) programme of streamlining and cost-cutting in the wake of a damaging month-long strike in March.

Cadbury Schweppes Overseas Limited
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INTL. COMPANIES and FINANCE

CSR sells chemicals joint venture stake to ICI

By Our Financial Staff

CSR, THE large Australian resources, building materials and food group, has taken a further step in its programme of asset disposal. It has announced the sale to ICI Australia of its narrow majority share of CSR Chemicals, a joint venture of the two companies.

ICI Australia, 62 per cent owned by ICI of the UK, already owns 49.7 per cent of CSR Chemicals, and is now buying the remainder. The sale requires approval from the Foreign Investment Review Board, since it will involve the transfer of majority ownership to a foreign company.

No price has been disclosed, but CSR said its shareholders' funds in CSR Chemicals were worth some A\$12m (US\$7.7m), while the operation had contributed just under A\$1m to group profits in the last financial year to March, up from A\$180,000 in the previous year. CSR has been the object of sporadic takeover rumours in Australia in recent months, after some two years of rationalisation and balance sheet reconstruction which have made it a leaner and more profitable company.

As part of this process it has been shedding assets deemed no longer to be core businesses, including its half share in a 1982, though undeveloped iron ore deposit in the Pilbara region of Western Australia and its share in the huge Mount Newman mine in the same region. It has also raised large quantities of new equity finance from the stock market in the past few months.

Pakistan unit lifts earnings and dividend

By Mohammed Aftab in Islamabad

ICI Pakistan Manufacturers, an affiliate of the big British chemicals group, has raised its dividend to \$2.5 per cent, for the year ended September 30, 1985, from 30 per cent in 1984.

Companies including Paintex, the paint manufacturer, and Imperial Chemical Industries (Pakistan) were merged into ICI Pakistan Manufacturers on October 1, 1985.

Net sales during the year rose 968.45m Pakistan Rupees (\$US56.8m) up 10.2 per cent from the PRs 876,96m of 1984. The company's main product, polyester staple fibre, recorded an increase of 10 per cent, soda ash 3 per cent, and speciality chemicals nearly 10 per cent.

The company complained of dumping of polyester staple fibre by Far Eastern countries and said sales were also affected by the Pakistan Government's decision in May, 1985 to withdraw the regulatory duty on imports of polyester fibre which was previously charged at the rate of Prs 3 per kilogram.

Operating profit at Prs 225.99m was lower by Prs 13.66m compared to 1984 but net profit rose to Prs 138.65m from Prs 27.96m mainly because of a reduction in corporation tax from 50 per cent to 40 per cent.

The annual report shows authorised capital of Prs 50m and share capital of Prs 260.42m. Imperial Chemical Industries of the UK has a 61.6 per cent shareholding. The company operated its polyester staple fibre plant at 127 per cent of its rated capacity in 1985. The plant has an installed capacity of 12,000 tonnes a year, but has sought Pakistan Government permission to raise it.

Record quarterly profit at Consolidated Gold Fields

By KENNETH MARSTON, MINING EDITOR

RECORD gold prices averaging R29,960 per kilogramme have lifted pre-tax profits for the September quarter of the seven South African gold mines in the Consolidated Gold Fields group to a best-ever total of R624m (\$281m or £196m) from R438m in the previous three months. The previous peak was R595m in the final quarter of 1985.

Aggregate gold production of the group was modestly higher at 30,642 kg against 29,951 kg in the June quarter. Average working costs rose 5 per cent, largely as a result of the wage

increases granted to black workers in July.

Capital spending, which ranks as a tax offset, showed its usual seasonal decline. This resulted in increased tax liability for two mines, Doornfontein and Libanon, which report lower earnings for the quarter at net level.

Otherwise, all have earned more. The big Driefontein Consolidated has received a fillip to profits from a rise in the grade of ore mined at its East section while the younger Deekraal has managed to

GOLD MINE NET PROFITS

	Sept	June	March
	1986	1986	1985
Deekraal	27,000	12,217	20,000
Driefontein	19,490	21,086	14,378
Doornfontein	123,822	109,733	118,474
Libanon	54,460	71,581	68,200
Koet	16,285	17,016	16,087
Venterspost	5,907	5,898	2,818
Victoria West	270	227	284

reduce costs slightly. The higher gold price has had its gearing effect on increased profits of the marginal Venterspost.

Heavy rush for Investec Metboard share issue

By JIM JONES in JOHANNESBURG

INVESTORS in South Africa have over-subscribed the new issue of shares in Investec Bank Metboard by more than 18 times, the merchant banking, financial services and property company said in Johannesburg yesterday.

The company, which was formed with the merger of Investec Bank and Metboard, the financial services firm, at the start of this year, will acquire a listing for its 20m shares on the Johannesburg Stock Exchange following the sale of 5.9m new shares to the public at R4 each and a preferential issue of 475,000 shares.

Pro-forma accounts indicate Investec would have had total assets of R245m (\$110m) on

March 31, 1986, had the present issue of new shares been completed on that date. Shareholders' funds would have totalled R49.8m and the company would have had R774m of public funds under its administration.

The directors forecast that net income after tax and transfers to inner reserves will increase to R7m in the financial year to March 31, 1987, from a pro-forma R4.35m in the year to March 31, 1986. Earnings are slated to rise to 42 cents a share from a pro-forma 34.5 cents and a dividend of 18 cents is expected to be paid against last year's pro-forma 15.2 cents.

Public Bank ahead at six months

PUBLIC BANK, the Malaysian bank specialising in lending to small domestic companies, has posted a rise of 4.1 per cent in group after-tax profit for the first six months of 1986 to 12.6m ringgit (US\$4.8m) from 12.1m reports from Singapore.

Group pre-tax profit climbed 15.2 per cent to 24.5m ringgit from the year-earlier half, but a rise in taxes cut into earnings.

The bank called the performance of its subsidiaries, chief among which is Public Finance, "satisfactory," given the difficult economic conditions, and predicted similar results for the second quarter.

Total deposits rose 544m ringgit, or 11.3 per cent, to 5,526m ringgit in the period.

FCL buys NZ Steel's Pacific holding

NEW ZEALAND Steel has sold its 43 per cent holding in Pacific Steel to FCL, the diversified industrial group, for an undisclosed sum, Renter writes from Wellington.

The deal will bring FCL's holding in Pacific Steel to 86 per cent. Pacific is the country's only steel maker, using local scrap and also steel billets made by N.Z. Steel.

Mr David Delay, FCL's chief steel sector executive, and Mr Lindsay Ferguson, N.Z. Steel's managing director, said the sale followed an assessment by Pacific and N.Z. Steel that their activities will diverge increasingly in the future.

Commerce Commission approval was given for the sale following an unsuccessful application last year by both FCL and NZ Steel to acquire a majority stake in Pacific.

QUEENSLAND COAL FINANCE LIMITED

Noticing of Redemption of Floating Rate Notes due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of clause (b) of the terms and conditions of the Notes, \$1,500,000 in aggregate principal amount of the above captioned Notes will be redeemed on November 12, 1985 at the principal amount of the Notes together with accrued interest thereon to and including the redemption date. The aggregate principal amount of the Notes outstanding on and after the redemption date will be \$38,500,000.

The serial numbers of the Notes to be redeemed are as follows:

25	401	586	1407	1724	2222	2528	3239	3881	4206
26	402	587	1408	1725	2223	2529	3240	3882	4207
27	403	588	1409	1726	2224	2530	3241	3883	4208
28	404	589	1410	1727	2225	2531	3242	3884	4209
29	405	590	1411	1728	2226	2532	3243	3885	4210
30	406	591	1412	1729	2227	2533	3244	3886	4211
31	407	592	1413	1730	2228	2534	3245	3887	4212
32	408	593	1414	1731	2229	2535	3246	3888	4213
33	409	594	1415	1732	2230	2536	3247	3889	4214
34	410	595	1416	1733	2231	2537	3248	3890	4215
35	411	596	1417	1734	2232	2538	3249	3891	4216
36	412	597	1418	1735	2233	2539	3250	3892	4217
37	413	598	1419	1736	2234	2540	3251	3893	4218
38	414	599	1420	1737	2235	2541	3252	3894	4219
39	415	600	1421	1738	2236	2542	3253	3895	4220
40	416	601	1422	1739	2237	2543	3254	3896	4221
41	417	602	1423	1740	2238	2544	3255	3897	4222
42	418	603	1424	1741	2239	2545	3256	3898	4223
43	419	604	1425	1742	2240	2546	3257	3899	4224
44	420	605	1426	1743	2241	2547	3258	3900	4225
45	421	606	1427	1744	2242	2548	3259	3901	4226
46	422	607	1428	1745	2243	2549	3260	3902	4227
47	423	608	1429	1746	2244	2550	3261	3903	4228
48	424	609	1430	1747	2245	2551	3262	3904	4229
49	425	610	1431	1748	2246	2552	3263	3905	4230
50	426	611	1432	1749	2247	2553	3264	3906	4231
51	427	612	1433	1750	2248	2554	3265	3907	4232
52	428	613	1434	1751	2249	2555	3266	3908	4233
53	429	614	1435	1752	2250	2556	3267	3909	4234
54	430	615	1436	1753	2251	2557	3268	3910	4235
55	431	616	1437	1754	2252	2558	3269	3911	4236
56	432	617	1438	1755	2253	2559	3270	3912	4237
57	433	618	1439	1756	2254	2560	3271	3913	4238
58	434	619	1440	1757	2255	2561	3272	3914	4239
59	435	620	1441	1758	2256	2562	3273	3915	4240
60	436	621	1442	1759	2257	2563	3274	3916	4241
61	437	622	1443	1760	2258	2564	3275	3917	4242
62	438	623	1444	1761	2259	2565	3276	3918	4243
63	439	624	1445	1762	2260	2566	3277	3919	4244
64	440	625	1446	1763	2261	2567	3278	3920	4245
65	441	626	1447	1764	2262	2568	3279	3921	4246
66	442	627	1448	1765	2263	2569	3280	3922	4247
67	443	628	1449	1766	2264	2570	3281	3923	4248
68	444	629	1450	1767	2265	2571	3282	3924	4249
69	445	630	1451	1768	2266	2572	3283	3925	4250
70	446	631	1452	1769	2267	2573	3284	3926	4251
71	447	632	1453	1770	2268	2574	3285	3927	4252
72	448	633	1454	1771	2269	2575	3286	3928	4253
73	449	634	1455	1772	2270	2576	3287	3929	4254
74	450	635	1456	1773	2271	2577	3288	3930	4255
75	451	636	1457	1774	2272	2578	3289	3931	4256
76	452	637	1458	1775	2273	2579	3290	3932	4257
77	453	638	1459	1776	2274	2580	3291	3933	4258
78	454	639	1460	1777	2275	2581	3292	3934	4259
79	455	640	1461	1778	2276	2582	3293	3935	4260
80	456	641	1462	1779	2277	2583	3294	3936	4261
81	457	642	1463	1780	2278	2584	3295	3937	4262
82	458	643	1464	1781	2279	2585	3296	3938	4263
83	459	644	1465	1782	2280	2586	3297	3939	4264
84	460	645	1466	1783	2281	2587	3298	3940	4265
85	461	646	1467	1784	2282	2588	3299	3941	4266
86	462	647	1468	1785	2283	2589	3300	3942	4267
87	463	648	1469	1786	2284	2590	3301	3943	4268
88	464	649	1470	1787	2285	2591	3302	3944	4269
89	465	650	1471	1788	2286	2592	3303	3945	4270
90	466	651	1472	1789	2287	2593	3304	3946	4271
91	467	652	1473	1790	2288	2594	3305	3947	4272
92	468	653	1474	1791	2289	2595	3306	3948	4273
93	469	654	1475	1792	2290	2596	3307	3949	4274
94	470	655	1476	1793	2291	2597	3308	3950	4275
95	471	656	1477	1794	2292	2598	3309	3951	4276
96	472	657	1478	1795	2293	2599	3310	3952	4277
97	473	658	1479	1796	2294	2600	3311	3953	4278
98	474	659	1480	1797	2295	2601	3312	3954	4279
99	475	660	1481	1798	2296	2602	3313	3955	4280
100	476	661	1482	1799	2297	2603	3314	3956	4281

The above Notes selected were drawn individually by lot in the presence of a notary public.

Interest on said Notes to be redeemed shall cease to accrue on the redemption date and unpaid interest shall be payable on each of said Notes called for redemption. Payment of the Notes to be redeemed will be made upon presentation and surrender thereof, together with all coupons appurtenant thereto maturing subsequent to the redemption date, at the office of BankAmerica Trust Company of New York, 40 Broad Street, New York, New York 10004, U.S.A., Attn: Debt Securities Processing, 2nd Floor, or at the option of the holder, at Bank of America NT and SA, 25 Cannon Street, London EC3A 4BN, England, Attn: John Hopper, Settlement Dept., or Bank of America NT and SA, Blancheberg 16, CH 1002, Zurich, Switzerland, or Banque Internationale a Luxembourg, S.A., 2 Boulevard Royal, 1052 Luxembourg.

Coupons which shall mature on or before said redemption date should be detached and surrendered for payment in the usual manner.

QUEENSLAND COAL FINANCE LIMITED
By BankAmerica Trust Company of New York,
as Principal Paying Agent

Dated: October 8, 1986

INTL. COMPANIES and FINANCE

Swiss group in cash call

By John Wicks in Zurich

MOTOR-COLUMBUS, the Swiss group with interests in energy and communications, is to raise Sfr 52m (\$32.5m) by a rights issue and plans an increased dividend.

Incomes from securities and participations rose from Sfr 13.7m to Sfr 15m for the year ending in June 1986. Net profits improved from Sfr 10.3m to Sfr 11.2m and Motor-Columbus is stepping up its dividend from 5 per cent to 6 per cent.

The company plans an increase in capital from Sfr 130m to Sfr 180m. This will be carried out in two stages with 52,000 new bearer shares offered to existing shareholders on a one-for-five basis at Sfr 1,000.

A further 48,000 shares will be reserved primarily to back a future bond issue.

Océ maintains payout after lifting earnings

BY OUR FINANCIAL STAFF

Océ, the Dutch copier group, has reported higher third-quarter profits and is maintaining its interim dividend at Fl 4.50 a share.

Net profits for the three months ending in August 1986 improved from Fl 17.9m to Fl 19.4m (\$8.8m) to take earnings for the first nine months of the year to Fl 51.9m from Fl 51.1m a year earlier.

Sales for the third quarter declined again, dipping to Fl 445.6m from Fl 472.6m. Turnover was 3 per cent lower at Fl 345.4m at the half year.

Océ said easier exchange rates, mainly the lower dollar, depressed third quarter sales by 13 per cent while the disposal of a few minor interests further lowered the figure 1.5 per cent. Net financial expenses fell 5.5 per cent to Fl 9.7m.

For 1984-85 net profit was Fl 77.4m on sales of Fl 1.97bn. Océ paid a total dividend of Fl 10 a share.

About 80 per cent of revenue comes from outside the Netherlands and at the time of the half-year results, the company explained that sales had been hit by a combination of currency fluctuations and disposals.

Océ is to issue shares to finance the acquisition of the outstanding 48.9 per cent of Océ Investus from MIP, the Dutch official fund providing venture capital to industry. Océ Investus is a Fl 100m venture established in 1983 to promote sales of office equipment in the US. The planned share issue is about 4 per cent of the outstanding equity.

Nestlé to invest in Venezuela

By Joseph Mann in Caracas

NESTLÉ and the Venezuelan Government have reached agreement on the problem of Nestlé's investment in the country. As a result, the Swiss multinational said it would invest the equivalent of \$14.1m in its processed food operations in Venezuela.

The problem, which goes back to 1979, centered on the value of Nestlé's holdings in Indulac, a large Venezuelan producer of powdered milk. Seven years ago the previous government ordered Nestlé to sell its 40 per cent share of Indulac. Both the Swiss company and the government agreed on a price in Venezuelan currency.

However, by the time the previous government paid Nestlé for its shares in 1983, a big devaluation had sharply reduced the foreign currency value of this payment. Nestlé argued that the compensation should reflect the pre-devaluation value of its shares but the government did not agree.

The current administration, headed by President Jaime Lusinchi and in power since 1984, reviewed the Nestlé case and agreed to credit the company with the pre-devaluation value of its shares.

Mr Peter Brabeck, Nestlé's managing director in Venezuela, said that the Government's decision was very positive and showed that it has the political will to improve the foreign investment climate here.

Trinidad Nitrogen Co., Limited

Owned by

The Republic of Trinidad and Tobago and W. R. Grace & Co.

\$40,000,000 project financing

Advised on and arranged by

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Provided by

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under a finance agreement

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September 1986

Trinidad Nitrogen Co., Limited

Owned by

The Republic of Trinidad and Tobago and W. R. Grace & Co.

\$190,000,000 project financing

Advised on and arranged by

MORGAN GUARANTY TRUST COMPANY

INTERNATIONAL FINANCE CORPORATION

\$175,000,000 project loan

Provided by

INTERNATIONAL FINANCE CORPORATION

and through IFC participations by

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GENERALE BANK
NEW YORK BRANCH

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

NATIONAL WESTMINSTER BANK GROUP

DRESDNER BANK AG
NEW YORK BRANCH

UNION BANK OF SWITZERLAND

CREDIT LYONNAIS

\$15,000,000 subordinated loan

Provided by

INTERNATIONAL FINANCE CORPORATION

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September 1986

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Talk to Hambros Treasury Services

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Central American Bank for Economic Integration (CABEI)

U.S. \$20,000,000

Floating Rate Serial Notes due 1994

For the six months

9th October, 1986 to 9th April, 1987

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 7% per cent. per annum, and that the interest payable on the relevant interest payment date, 9th October, 1986 against Coupon No. 16 will be U.S. \$212.33.

The Industrial Bank of Japan, Limited
Agent Bank

Bank America Corporation
(Incorporated in the State of Delaware)

U.S. \$400,000,000

Floating Rate Subordinated Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that for the next interest sub-period from 8th October, 1986 to 10th November, 1986 the following will apply:

- Interest Payment Date: 8th December, 1986
- Rate of Interest for Sub-period: 6% per annum
- Interest Amount payable for Sub-period: US \$275.00 per US\$ 50,000 nominal
- Accumulated Interest Amount payable: US \$519.79 per US\$ 50,000 nominal
- Next Interest Sub-period will be from 10th November, 1986 to 8th December, 1986.

Agent Bank
Bank of America International Limited

INTERNATIONAL CAPITAL MARKETS and COMPANIES

David Lascelles assesses the logic of First Interstate's \$2.8bn offer for BankAmerica Pinola bids to be number one in the West

WITH ITS \$2.8bn bid for BankAmerica announced late on Monday, First Interstate Bancorp (FIB) of Los Angeles could bring to an end the long drawn-out agonies of the second largest bank in the US. But the bid is tentative at this stage, and FIB may not be willing to press ahead without BankAmerica board's support, which did not appear to be readily forthcoming from the bank's San Francisco headquarters yesterday.

Mr Sam Armacost, BankAmerica's president, rejected an earlier approach by FIB in March. But that was before a fresh wave of loan losses swept over his bank, and a number of key personnel resigned, badly damaging its credibility. It was also thought in BankAmerica yesterday that the offer might flush out other, less friendly bidders, compared to whom an alliance with FIB would look quite attractive.

If it does succeed, FIB's bid would mark a further major shake-out in the already fast-changing US banking scene. It would be the largest bank merger in history, with FIB swallowing an institution more than twice its size. The result would be a group with combined assets of about \$166bn, though this would still leave it behind Citicorp, the country's largest banking group with \$185bn of assets.

Ironically, the deal would recombine two banks which once formed part of the enormous Transamerica Corporation of A. F. Giannini, the legendary founder of Bank of America. Bank of America was spun off from the group in the 1930s to curb Giannini's banking power. FIB itself, then

Sam Armacost (left), president of BankAmerica, the US West Coast bank with assets of \$117bn, where first-half net losses reached \$577m, and Joe Pinola, chairman of First Interstate.



called Western Bancorp, was spun off in 1967. Mr Joe Pinola, FIB's chairman, spent much of his early banking career with Bank of America.

The full significance of the bid, however, lies in the US West where it would create a new banking giant with the widest geographic spread seen since the days when American banks were prohibited from branching across state lines in the 1930s.

FIB is something of an anomaly among US banks, since it still operates branches in many states—15 of them—which is why it chose its present name. The branches already existed when the new legislation was introduced, so they were "grandfathered."

The states cover the entire Rockies and western US, as well as Wisconsin, Alaska and Hawaii, and would, FIB boasts, be the world's fifth largest economy if they formed a separate country. As well as run-

ning its own branches across state lines, FIB franchises its name to out of state banks and supplies them with banking products and services.

BankAmerica, by contrast, is strong in only two states, California, its home, and Washington, the West Coast state to the north where it was allowed to buy the ailing SeaFirst Bank in 1982. But it towers above all other banks in California where it holds about a third of the retail banking market.

There would thus be a further irony to the deal if this mighty institution was acquired by its smaller competitor in Los Angeles. But FIB, under Mr Pinola, has strong ambitions, even if they lie more in the grass roots banking markets than in the glamorous world of high international finance.

"Everyone talks about going for the middle market. We are the middle market," Mr Pinola once said. Although he is based in Cali-

fornia, Mr Pinola is not strong in that state, and needs to enlarge his share—not an easy task in the toughest banking environment in the US, where competition is intense and the market perilous. In particular, he must respond to the challenge presented by the \$1.1bn merger earlier this year between Wells Fargo, possibly California's most aggressive bank, and Crocker National Bank, the ailing former subsidiary of Midland Bank of the UK.

Through that deal, Wells built up the second largest share of the California banking market—around one-fifth—and strengthened its position in the southern half of the state, where FIB is headquartered. Mr Pinola indicated at the time that he greatly envied Wells' purchase.

The acquisition of BankAmerica would also bring FIB a huge international business with branches all round the globe and loans to countries

good and bad. It is not clear at this stage how FIB—which has only a small overseas presence—and a modest merchant banking operation in London—would handle this new activity. If it absorbed it, the new business would transform FIB into a major international bank—something which rather goes against its character.

Domestically, though, there is surprisingly little overlap, and the combined bank may only have to sell a few branches in the terms of FIB's proposals value BankAmerica at about \$2.8bn, which is substantially higher than the bank's market capitalisation of \$1.8bn yesterday. On the other hand, the offer is well below BankAmerica's stated net value of \$3.7bn.

FIB has had to balance the losses that might still lurk in its assets against the benefits of its assets, particularly properties. If Mr Pinola believes BankAmerica has hit bottom and he is right, he will have bought it quite cheaply.

Given that FIB is not excessively highly capitalised, and BankAmerica only marginally so, the combined group might still have to liquidate some assets to raise its capital ratios to acceptable levels. But this could be done by selling branches and superfluous businesses.

On the other hand, both FIB and BankAmerica could emerge with greatly enhanced credibility from the deal, with FIB gaining in stature, and BankAmerica in strength. As one observer joked yesterday, "Giannini's vision could finally be realised, though not as he had envisaged."

CS\$200m issue launched for Nippon Telegraph

BY CLARE PEARSON

NEW ISSUE volume stepped up from recent low levels in the Eurobond market yesterday. Most of the deals were either in the currency or equity related sectors of the market, since dollar Eurobond trading continued sluggish.

Goldman Sachs International led a CS\$200m issue for triple A rated Nippon Telegraph and Telephone, one of the largest deals in the Canadian dollar sector has yet seen. The five-year bond was priced with a 9 1/2 per cent coupon and 100 1/2 issue price, to give an initial yield of 7 1/2 basis points over Canadian Government bonds.

The lead-manager said the bond issues have to be made up by investors' interest. The last issue of the September calendar, for TVO, the Finnish power company, had an 8 1/2 per cent coupon for the first five years.

The October calendar is made up of four issues, all of which are expected to be fixed rate. The first is expected to be a FF\$500m bond for Finance for

9 per cent Eurobond for Aegon, due 1992, at par. This warrants, which are exercisable from September 1987 to September 1992, pay 9 per cent interest on their net \$26.5 price, after 50 per cent underwriters' fees.

The warrants are linked to an Aegon 10 1/2 per cent bond due in 1992, which can be called from 1989 at 101 if the warrants are exercised.

In the floating-rate note (FRN) sector, Commerzbank issued a \$100m floater for Banco Hispano Americana, the Spanish commercial bank. The 20-year issue will rank as primary capital.

The non-callable issue pays interest at 1/4 point over six-month London interbank offered rate (Libor). It is priced at par and can be put at par after 12 years. Fees total 21 basis points and Commerzbank quoted a big price of 99.50, just within this discount.

Suez International said it was launching a \$50m five-year FRN for Kawasaki Steel. The bond will pay interest at 600 basis points over six-month Libor for the first year, and five per cent thereafter. Final terms will be fixed tomorrow.

the equity warrants market. Morgan Stanley led a \$75m seven-year issue for International Pirelli with warrants attached of Societe Internationale Pirelli, the Swiss arm of the Italian industrial group. The deal met strong demand in the market.

The 3 1/2 per cent bond is priced at par. Warrants are exercisable for seven years at \$4 1/2 each.

Daiwa Europe launched a \$40m equity warrants bond for Hokkaido, the Japanese car manufacturers, and Nikko Securities launched a \$50m equity warrants bond for Nippon Paint. Both five-year issues, with indicated 9 1/2 per cent coupons, will be priced on October 13.

Yamaichi International arranged a \$30m five-year 7 1/2 per cent bond for Marubeni International Finance, the financing arm of the trading company. The issue price was 101 1/2.

Prices in the Swiss franc bond market rose by up to 1/4 point in good turnover. Union Bank of Switzerland announced a SF\$300m bond for Australia. The 12-year issue has an indicated coupon of 8 1/2 per cent. It is expected to be a five per cent price looked attractive. Final terms will be fixed tomorrow.

INTERNATIONAL BONDS

French franc calendar trimmed

BY OUR EUROMARKETS CORRESPONDENT

THE FRENCH franc Eurobond calendar, which is made up of issues by banks and Treasury officials, has cut down scheduled new issues volume for October to FF\$ 2bn, from FF\$ 6bn in September, because of poor market conditions.

The French franc has come under pressure from the D-Mark recently. This has forced up short-term Euro-French franc rates to above 9 per cent.

As a result coupons on new issues have to be high to attract investors' interest. The last issue of the September calendar, for TVO, the Finnish power company, had an 8 1/2 per cent coupon for the first five years.

The October calendar is made up of four issues, all of which are expected to be fixed rate. The first is expected to be a FF\$500m bond for Finance for

Danish Industry, led by Credit Lyonnais, which is expected to be a 9 per cent issue. The other two bonds should be for an unnamed British borrower and an Italian borrower.

There was speculation yesterday that this would be Montedison, the industrial group, and that Banque Indosuez would lead the deal.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on October 7

Table of international bonds with columns for Issuer, Amount, Maturity, Coupon, and Price. Includes sub-sections for STRAIGHT, CONVERTIBLE, and Floating Rate.

Average price changes on day +0.4% on week +0.9%

Table of Foreign SFR borrowings with columns for Issuer, Amount, Maturity, Coupon, and Price. Includes sub-sections for STRAIGHT and CONVERTIBLE.

Average price changes on day +0.4% on week +0.9%

Foreign SFR borrowings up. FOREIGN Swiss-franc borrowing rose to SF\$ 5.44bn in August as compared with SF\$ 2.51bn in the previous month and SF\$ 3.44bn in August 1985.

Japan's insurers return to \$ bond markets

BY YOKO SHIBATA IN TOKYO

JAPANESE NON-LIFE insurance companies show signs of returning as large-scale investors to the dollar bond markets. They had been holding back from buying foreign bonds out of concern for the weakness of the dollar, now they appear to have taken the view that the US currency is unlikely to fall much below its current level of just over Y150.

Last year the Japanese insurance industry's capital gains on its foreign bond portfolios were at least offset by heavy foreign exchange losses result-

ing from the strength of the yen. The 13 non-life companies listed on Japanese stock exchanges reported aggregate foreign currency losses on bond holdings of Y98.8bn (\$640m) in the financial year to last March.

As a result of brisk sales of new products, and especially of life policies which offer in practice many of the advantages of deposit accounts, the non-life companies' assets have been growing sharply this year.

Tokio Marine and Fire Insurance, for example, has

seen its investment assets grow by Y250bn to a new total of Y2,000bn. It has said that 20 per cent of this increase, or Y50bn, will be earmarked for investment in foreign currency bonds in the financial year to next March. In the first half, however, it invested only about Y10bn in this area, leaving it with Y40bn to spend in the next five months.

Sunmito Marine and Fire Insurance plans net purchases of Y20bn to Y30bn in the second half year, raising the proportion of foreign bonds in

its portfolio to about 10 per cent from 9 per cent at the end of last financial year.

In all, the non-life insurers are expected to make as much as Y100bn available to invest in foreign bonds during the second half year to next March.

According to preliminary figures from the securities industry, net purchases by all Japanese investors of foreign bonds and debentures reached a record \$10bn last month, against the record \$8.8bn set in August.

Swiss banks' resources rise by over 13%

By John Wicks in Zurich

THE SWISS banking system has capital resources well in excess of statutory requirements, according to the 1985 annual just published by the Swiss National Bank.

Even excluding private banks and finance companies, combined capital and reserves reached SF\$ 77.6bn at the end of last year. This represents 7.8 per cent of the corresponding balance-sheet total and is 12.5 per cent higher than at the end of 1984.

The number of banks and finance companies subject to banking law rose to a record 593 last year, with the combined labour force up 5 per cent to 103,310. Total net profits amounted by 16.1 per cent to SF\$ 4,186—the equivalent of SF\$ 46,596 per employee, as compared with SF\$ 36,000 in 1984, despite the 10 per cent growth in personnel costs.

The balance-sheet total of the 593 banks and finance companies rose 7.8 per cent to a high of SF\$ 77.6bn. This was below the average annual growth of almost 10 per cent over the preceding ten years, and resulted from the fall in the dollar.

At unchanged exchange rates, balance sheets would have expanded by 13.4 per cent in 1985, their second steepest growth since 1971. Fiduciary business in Swiss-franc terms was almost 30 per cent sharply affected by the lower dollar, falling by 7.3 per cent to SF\$ 215bn over the year instead of showing the 6.7 per cent increase which would have resulted at unchanged parities.

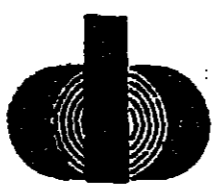
At the end of 1985, some 60 per cent of all statutory funds were held in dollars, 13 per cent in Swiss francs, 11 per cent in D-Marks and 17 per cent in other currencies.

Foreign SFR borrowings up. FOREIGN Swiss-franc borrowing rose to SF\$ 5.44bn in August as compared with SF\$ 2.51bn in the previous month and SF\$ 3.44bn in August 1985.

This marked increase was due primarily to the rise in bond and note issues by foreign borrowers which reached SF\$ 4.09bn this August, as against only SF\$ 1.94bn in July and SF\$ 2.64bn a year earlier. The remainder was accounted for by bank loans, up to SF\$ 1.35bn from SF\$ 670m for July, 1985, and SF\$ 492m for August, 1985.

Advertisement for NCNB Corporation US \$100,000,000 NOTE ISSUANCE FACILITY. Includes contact information for various banks and agents.

كندا والشرق الأوسط



Consolidated-Bathurst Inc.

NOTICE OF PARTIAL REDEMPTION FOR MANDATORY SINKING FUND TO THE HOLDERS OF 17 1/2% SERIES I DEBENTURES DUE NOVEMBER 15, 1988

NOTICE IS HEREBY GIVEN pursuant to the mandatory sinking fund provisions relating to the 17 1/2% Series I Debentures due November 15, 1988 (the "Series I Debentures") of Consolidated-Bathurst Inc., that the following Series I Debentures, in the aggregate principal amount of U.S.\$10,000,000 in coupon bearer form in the denomination of U.S.\$1,000 each bearing the following distinguishing numbers, namely:

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UK COMPANY NEWS

Strong betting side lifts Sears

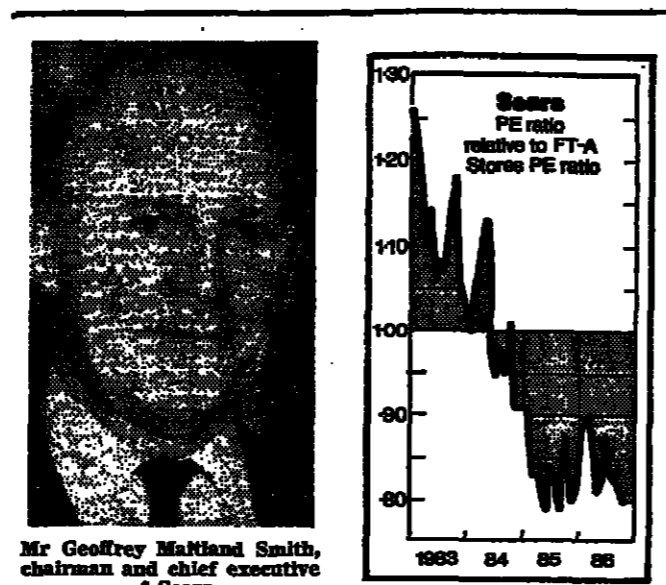
GROWTH IN licensed betting and property development and investment enabled the Sears group to show a 12.7 per cent increase in first half profit. For the period to end July it was up from \$68.5m to \$77m.

On current trading Mr Geoffrey Maitland Smith, chairman and chief executive, said the new autumn ranges (in the multiple fashion division) had been well received, giving an encouraging start to the second half. In the previous year that period produced \$117m.

Turnover in the half-year moved ahead from £1,065m to £1,150m, and the whole of the \$8.1m increase in trading profit (to \$74.6m) was attributable to betting and property.

Footwear retailing held its profit at \$25.7m (\$25.2m). In Europe it benefitted from the cost reduction programme instituted last year, and that helped to counteract the effects of the poor weather in the UK and continued weakness of the Butler division in the US.

Profits in departmental stores, multiple fashion and other retailing fell by £1.7m to



Mr Geoffrey Maitland Smith, chairman and chief executive of Sears

minorities \$200,000 (same) to shown at 3.2p (2.8p) per share less the attributable profit and the interim dividend is 1p 448.7m (\$42m). Earnings were See Lex

John Crowther in dispute on pay-outs

By Nikki Tait

A ROW has broken out John Crowther, the fast-growing textile company, and the former chairman at two of its recent acquisitions.

The dispute concerns compensation payments claimed by the two men after their contracts with Crowther had been terminated.

Crowther is one of Britain's fastest-growing textile companies, with pre-tax profits rising from \$27,900 in 1983 to an estimated \$14.5m in the current year. Recent acquisitions include Carpets International, Sunbeam Wooley, Speeds (Europe) and—only this year—the cause of the current row, the merged A and J Gelfer-David Dixon group.

The company said yesterday that contracts with Mr Crowther, previously chairman of Glasgow-based A. & J. Gelfer, and Mr Harry Turpin, who headed the David Dixon group, had been terminated. But it added that claims for compensation by the two men—estimated at \$450,000 and \$400,000 respectively—were, in its view, "grossly exaggerated and unsustainable."

Mr Crowther, whose son still in the company, said the Gelfer business, yesterday refused to elaborate on his departure from the Crowther group.

But Mr Turpin maintains: "I remain in the company and I will be using the company for \$400,000. It is only because my solicitor has been on holiday that I haven't done so yet—a writ will go in within a few days."

The merger between David Dixon and A. & J. Gelfer took place last March when it was agreed that at the next AGM Mr Steen would be elected chairman of the enlarged group and Mr Turpin—aged 61 and already chief executive—would be elected chairman. Mr Steen, who is 65, would become an executive director and enter a five-year service contract under which he would retain his existing salary and act as managing director of Gelfer.

However, in July the merger was abandoned after an offer from Crowther. Mr Steen's contract was not renewed in the Crowther offer document which also stated that he would be paid a pension by Gelfer to him on expiry of such contract or its termination for any other reason, of a gross sum of \$100,000.

As the former Dixon chairman is concerned, Crowther chairman Mr Trevor Barker said, "it was always agreed that Mr Turpin would be a non-executive and advisory role."

Mr Turpin, however, claimed that there were "certain monetary conditions" which Crowther had not met.

Mr Turpin, meanwhile, has new plans for the future. Together with another former Dixon director, Mr Vy Mennen, who left Crowther last week, he is planning to acquire a stake in S. Casket, the Manchester menswear importer and distributor and joining the board.

The two men hold 550,000 shares—300,000 and 250,000 respectively—or 5.2 per cent. Mr Turpin sits in as a non-executive director while Mr Mennen becomes joint managing director.

According to Mr Turpin, the plan is to first take a look at the business—which earlier this month reported a 48 per cent drop in profits for 1985-86 to \$248,000—and then, if suitable, to inject some manufacturing business. At present, Casket is solely an importer and distributor. "We might also broaden the range from menswear to ladies and childrenswear," he added.

The two new directors acquired their stakes both from the Casket family and from outside shareholders. Kingsley and Forester has sold 100,000 shares to Mr Turpin—while Mr Tony Casket, deputy chairman and joint managing director, has disposed of 77,000, thus reducing his stake to 100,000 shares to 711,271 shares. A trust of Mr P. Casket has also sold 65,000 shares, so that its holding now stands at 563,246 shares. Brokers estimate that around 13 per cent of the company shares have changed hands in the past fortnight.

Mr Casket said "we see this as strengthening of the board—both men have excellent track records. We met by introduction and it seemed a good proposition."

Shares in Casket stood at 56p yesterday, capitalising the company at \$5.9m.

Christies profits rise and new season's outlook good

BY THRY POVEY

Christie International, the fine art auctioneer, yesterday announced an improved first-half 1986 operating performance on turnover some 5m lower at \$33m.

A £2m sales contribution from the floated off CGA Galleries (formerly Christie's Publications) was included in the \$34.2m reported for the first six months of 1986. CGA is now a 35 per cent owned associate and contributed \$35,000 in the six months to June. The turnover figures also now include client charges which were formerly taken within auction and print costs.

Mr Jo Floyd, the chairman, said that Christie's was "alone among the major auction houses in achieving an increase in sales in sterling terms" for the first half. October-to-end-July season for which all the houses separately report sales figures.

The drive to cut costs continues and according to Mr David Bathurst, chief executive, following a dispute with a vendor over the prices of eight impressionist paintings, had passed, he said. While the court case that had followed this incident was still current, the company was confident of the outcome.

The new development plus computerisation and freehold property purchases in London have run the cash pile down leaving net interest receipts depleted at \$7,000 compared with \$532,000 in the first half of 1985.

After costs and administrative expenses Christie's reported operating profits ahead to \$7.17m (\$6.68m). Net of rental income, interest and the contribution from CGA, profits before tax were ahead less strongly at \$7.23m (\$7.13m). Tax took \$3.75m (\$3.76m) leaving attributable profits of \$3.48m (\$3.37m).

The interim dividend is an unchanged 1.5p on earnings per share of 8.53p (8.05p).

The outlook for the new season which began this month was very good, said Mr Floyd, with several important items already booked for autumn sales.

The cloud which had hung over the company since the resignation of Mr David Bathurst last year, following a dispute with a vendor over the prices of eight impressionist paintings, had passed, he said. While the court case that had followed this incident was still current, the company was confident of the outcome.

Christie's has every reason to be pleased with these figures and as such as \$650,000 would have been added to the pre-tax. The air of uncertainty around the major stock markets in recent weeks underlines that this is a trying time for the big share auction houses who can never be quite sure just how much nostalgia (and of what brand) there will be in the new season. As ever the battle is to get overheads down so that any fall in sales in this highly operationally geared business will hurt less. While there is clearly some progress in this direction detectable in these figures, New York, where there is now a substantial overhead commitment, saw a slight fall in sales in dollar terms in the last full season and art prices generally are not showing dramatic rises. However, as Christie's has its bread and butter everyone would be a bit surprised if its peaks were predictable. The second half will see benefits from the imposition of a 10 per cent buyers fee on the South Kensington Yuppies (in from August) and the more sober analysts are expecting \$14m pre-tax which has the shares, at 265p, looking fairly richly valued on a prospective rating of 15.

Wedgwood and Waterford Glass in talks

By David Goodhart

Wedgwood, the fine china manufacturer which was the subject of a hostile \$150m bid last April from the London International, is currently being reviewed by the Monopolies and Mergers Commission, is close to an agreed deal with Waterford Glass, the Irish manufacturer of crystal and china.

Wedgwood announced yesterday, in view of the rise in its share price, that it had been having discussions with "third parties" which may or may not lead to an offer for the share capital.

However the seriously interested bidders have now been limited to one—Waterford Glass. The two companies met for talks on Monday and again yesterday and Waterford is expected soon to make an agreed bid—comfortably topping the LIG offer.

In the year to December 31, 1985, Waterford made pre-tax profit of £18.5m on turnover of £255m compared with Wedgwood's figures for the year to March 31, 1986, of £19.5m pre-tax on turnover of £132m.

Fifteen months ago, Mr Paddy Hayes, the former chief executive of Ford of Ireland, took over as Waterford chairman and the company has subsequently been diversifying its operations in order to return to its roots in crystal and to a lesser extent china.

Waterford and Wedgwood do not face a reference to the Mergers Commission, as Waterford's Aynon China is a relatively small operation with sales of only about £15m.

Hewden up 31% to £4.76m

HEWLEN-STUART PLANT, Glasgow-based plant hire and supply group, yesterday reported a 31 per cent increase in pre-tax profits to \$4.76m for the six months to August 31, 1986 but warned shareholders that profits growth was likely to be slightly slower in the second half.

In contrast to previous years when the pattern of business was fairly erratic across the group, every area of activity fared well, although Hewden-Stuart is eager to improve its performance in the cranes and earth moving equipment divisions.

Although its core area of business the construction industry, suffered from adverse weather conditions in the opening months of the year, the company succeeded in increasing both sales and profits by cutting costs and by its success in recent years in diversifying its customer base into other industries.

Like most other plant suppliers Hewden benefited from an upsurge in demand in the first two months of its financial year as construction companies bought new plant before capital allowances were phased out at the end of the 1985-86 tax year.

The company's warning about the rate of profits growth in the second half is rooted in the uncertain state of the plant hire industry, following the loss of capital allowances which means that Hewden has become liable for standard Corporation Tax for the first time. However in recent years the company has made provision for this.

Turnover rose to \$62.8m (\$58.8m). Earnings per 10p share increased to 3.51p (3.39p) and the board intends to pay an interim dividend of 0.625p (0.575p).

Having divested Powertech and Isis, which it acquired earlier this year, Hewden is now looking for other acquisition opportunities.

Comment

Hewden-Stuart is characteristically down in its projections for the second half, perhaps unnecessarily so. The plant hire and supply industry may be in a state of turmoil after the abolition of capital allowances, but of all plant companies the Hewden-Stuart is perhaps best placed to benefit, whatever happens. If, as most of the industry seems to expect, demand for plant hire increases, its hiring activity will benefit along with everyone else and the plant supply division will simply change its customer base, from the construction industry to fellow plant hirers. The seasonality of sales will change profoundly, however, marking the end of the traditional rush before the end of the tax year. Yet the company's earnings per share should ensure that earnings per share are consorted from the full rate of corporation tax for some years to come. The City expects profits of \$5m for the full year producing a prospective P/E of 10.5, which suggests that the shares, up by 1p to 68p yesterday, will move with the market.

Higher Hutchison stake opposed

BY DAVID GOODHART

Pearson, the industrial, banking and publishing group which owns the Financial Times, has been actively planning a greater emphasis on the market of the Pacific basin for a broad range of its businesses. However, the Pearson board has concluded it would not be in the best interests of the company to buy an additional 10 per cent stake in Hutchison while interested

in exploring commercial opportunities together, it would not welcome any further increase in the Hutchison holding. Lord Blakenham, Pearson chairman, said he had spoken to Mr Murray who was now considering his position. "It is not necessary to have a large stake in order to discuss commercial opportunities—but things are very friendly," said Lord Blakenham.

Mr Turpin, meanwhile, has new plans for the future. Together with another former Dixon director, Mr Vy Mennen, who left Crowther last week, he is planning to acquire a stake in S. Casket, the Manchester menswear importer and distributor and joining the board.

Confident Geest boosts profits 32% to £5m

Geest Holdings, Britain's largest supplier and distributor of fresh fruit and vegetables, which is planning to seek a stock market listing later this year, expanded its profits before tax by 32 per cent to \$4.9m for the six months ended June 26, 1986. This compares with \$3.74m previously and was achieved on turnover 10 per cent higher at £218.73m against £198.99m.

The directors of this Spalding, Lincolnshire, private concern stated that the normal seasonal nature of the business was that profitability in the second half could not be expected to match that of the first. However, they viewed the outlook for the second half, the full year and for the medium term future of the group with confidence. Profits for 1985 were \$5.8m.

Profits included an exceptional credit of \$495,000 (£126,000) from the sale of surplus properties, partly offset by restructuring costs of \$181,000. Further property sales and restructuring costs were expected in the second half of the year.

Burns Anderson £2.3m rights offered under Burns Anderson's previous rights issue were accepted.

N. M. Rothschild & Sons is acting as underwriter and the brokers are Panmure Gordon and Charlton Seal Dimmock. The shares closed 2p down at 79p.

Burns Anderson £2.3m rights

Burns Anderson has announced a one-for-five rights issue to raise £2.3m for its expansion plans. This is the company's second rights issue within a year after raising £1.7m via a three-for-ten issue in October 1985.

The group has four diverse divisions—steel, shopping, motor distribution and financial services—but it is the last-named which is the company's main target for expansion, probably via acquisition.

At the interim stage, the chairman singled out the financial services division as the driving force behind the 80 per cent increase in pre-tax profits during the six months ended March 31.

The directors forecast that for the full year, pre-tax profits would be not less than £1.7m, compared with \$940,000 in the previous year.

The shares are being offered at 71p, a 11.25 per cent discount to Monday's closing price. Just over 90 per cent of the shares

No share sales by directors say Hargreaves

Hargreaves Group, the energy and environmental services company fighting an \$80m takeover bid from Coalite, has denied that its directors have reduced their shareholdings in their own company.

Mr John Wood, Hargreaves' chairman, has written to shareholders saying that Coalite had sent two misleading letters which had tried to make much of the fact that two Hargreaves directors had sold shares in the past 12 months.

Cass helps TR to 12.5% growth

THE INCLUSION of the Cass Group enabled Telephone Rentals to hit its UK profit target of 12.5 per cent overall pre-tax balance by £2.5m in the first half of 1986.

There was a substantial improvement in overseas operations, when expressed in local currencies. In aggregate their contribution was 39.5 per cent higher than in the like period of 1985.

On prospects, Sir Charles Ball, chairman, said the year's profit was expected to show an improvement over the £15.66m of 1985. The interim dividend of 1.5p was increased to 2.5p to 2.75p net, at a cost of £2.92m (£1.94m).

Foreign currencies were converted at market rates on June 30; comparisons were amended to reflect variations in foreign exchange rates during the year.

Turnover in the period rose trading profit was up 15 per cent to £45.16m while net at £8.1m.

Sir Charles said that in the UK rental and sale business continued at a high level in all areas of operations. In particular the sale and maintenance of telecommunications equipment was well ahead despite the increased competition from both traditional and new suppliers. The competition led to reduced margins on sales, and profits from the main UK business were only slightly up on last year. Profits from the Cass Group (international communications systems) were in line with expectations.

The chairman stressed that the group remained committed to sustaining the growth of the TR fixed base and, in line with the policy of expanding into new markets, had entered the cellular radio (telephone sector) over a number of years.

Referring to the overseas operations, Sir Charles said there were substantial improvements in the results from the Republic of Ireland, Canada, France and South Africa. However, an issue of new shares was announced in the US and Australia.

To finance the rapid growth of the South African subsidiary it was made public last month through an issue of new shares leaving TR with some 85 per cent of the capital. The funding allowed the repayment of borrowings and provided for the future.

After tax £2.98m (£2.99m) and minorities £20,000

(£21,000), the attributable profit came to \$4.95m (\$4.68m) for earnings of 6.04p (6.02p) per share. UK tax charge went up from £1.97m to £2.52m mainly as a result of reduced rate of capital allowances.

Comment

Telephone Rentals will have to work harder than this to undo its reputation of being a dull stock. CASS, acquired in September 1985, contributed half of the interim increase but only just washing its face given that £7.8m was paid for it. The decision to list the South African subsidiary provides a useful opportunity to spread the holding in one of the few sectors that is liable still to be attractive to that country's embattled investors. In the UK there was no slackening of pressure from BIC and others in the telecommunications market and margins remain vulnerable. Expectations for the year are of £18m pre-tax, only 8 per cent ahead of last year if the £1m expected from CASS is stripped out. The six per cent yield continues to give some appeal to the shares, down 3p to 175p, but a string of sub-10 per cent profits rises hardly makes for a keen following.

Blacks rescue agreed

THE £1m rescue package to save Blacks Leisure from receivership has finally been agreed. The consortium headed by two accountants—Mr Bernard Garbarac and Mr Leslie Lesser—and Mr Alan Thornton, the former managing director of Lotus Shoes, agreed last night to invest the £1m in return for 33m new shares in the beleaguered company.

The share stake is 37.4 per cent of the enlarged equity, but the Takeover Panel has agreed to waive the rule that a 29 per cent stake must trigger a full bid.

The three consortium leaders will be joining Blacks' board and Mr Thornton, son of the former chairman of Debenhams, Mr Robert Thornton, is expected to become chief executive.

Mr James Higgins will remain on Blacks' board, but Mr Mervyn Frankel, currently non-executive chairman, Mr Tony Good, a non-executive director, and Mr Murdoch Morrison, an executive director, will all be leaving the board. Mr Morrison will be staying.

No Inoco support for Petranol plan

Inoco, which earlier this year failed to acquire Petranol, a fellow Londoner quoted its oil company, yesterday got its own back by announcing that it would not support Petranol's expansion plans.

In a frosty letter to Dr Norman White, chairman of Petranol, Mr Alan Milton, director of Inoco said that his company would not be taking up its 7 per cent share in the \$8m rights issue and would be voting against the proposed acquisition of Apollo, a private US oil and gas company.

Mr Milton noted that two of the main shareholders directors do not intend to take up their rights, while another director, Mr Gilbert Perry, who owns 10 per cent of the shares resigned, from Petranol less than a week after recommending the proposals to shareholders.

Seymour, Pierce is broker to the issue. Dealings on the debenture issues start tomorrow. Those of the preference issues begin tomorrow week.

Water issues total £19m

Four water companies—Essex Water, Portsmouth Water, Tending Hundred Waterworks and East Worcestershire Waterworks—are issuing debenture and redeemable preference stock with a par value totalling £19.25m.

Essex Water is issuing two stocks. One is 52m of 8 1/2 per cent redeemable preference stock 1988, yielding 12.15 per cent at par value. The other is 25m of 11 1/2 per cent redeemable preference stock 2002-04 yielding 11.75 per cent.

Portsmouth Water is issuing £12.5m of 8 1/2 per cent redeemable preference stock 1996 which will yield 12.32 per cent, and Tending Hundred is issuing £1.5m of the same stock. East Worcestershire Waterworks is issuing £3.5m of 12 1/2 per cent redeemable debenture stock 1994-96 yielding 12.5 per cent.

Seymour, Pierce is broker to the issue. Dealings on the debenture issues start tomorrow. Those of the preference issues begin tomorrow week.

Bestwood/Buckley's

Bestwood, the investment and property services company headed by Mr Tony Cole, has acquired a total of 1.68m shares or 9.89 per cent of Buckley's Brewery, the South Wales company. Buckley's shares fell 4p to 115p.

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

The East Worcestershire Waterworks Company
(Incorporated in England)

Placing of £3,500,000
12 1/2 per cent. Redeemable Debenture Stock, 1994/96 at £100 per cent. (£10 per cent. paid)

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List. The Stock will rank for interest *pari passu* with the existing Debenture Stocks of the Company.

In accordance with the requirements of the Council of The Stock Exchange £350,000 of the Stock is available in the Market on the date of Publication of this Advertisement.

Particulars of the Stock have been circulated in the Easi Statistical Services Ltd., and copies will be available, for collection only, during usual business hours until 8th October, 1986 from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours up to and including 23rd October, 1986, from:

Seymour, Pierce & Co.,
10 Old Jewry,
London, EC2R 8EA
or from the Company's principal office,
46, New Road,
Epsom,
Worcestershire B80 2JT

8th October, 1986

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Essex Water Company
(Incorporated in England)

Placing of £8,000,000
11 1/2 per cent. Redeemable Debenture Stock, 2002/04 at £100 per cent. (£10 per cent. paid)

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List. The Stock will rank for interest *pari passu* with the existing Debenture Stocks and Mortgages of the Company.

In accordance with the requirements of the Council of The Stock Exchange £800,000 of the Stock is available in the Market on the date of Publication of this Advertisement.

Particulars of the Stock have been circulated in the Easi Statistical Services Ltd., and copies will be available, for collection only, during usual business hours until 8th October, 1986 from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours up to and including 23rd October, 1986, from:

Seymour, Pierce & Co.,
10 Old Jewry,
London, EC2R 8EA
or from the Company's principal office,
Hill Street,
Chelmsford,
Essex CM2 0HH.

8th October, 1986

DIVIDENDS ANNOUNCED

Alva Investment	Int 1.3	Dec 19	1.3	2.3
Ash & Lacy	Int 1.1	Nov 8	1.0	20.25
Bentley	Int 2.68	Dec 19	2.33	7
Christie Int'l	Int 1.5	Nov 25	1.5	5.5
Clifford's Dairies	Int 3p	Nov 7	2.5p	7.2p
Comcap	Int 0.75	Dec 12	0.8	1.5
Hewden-Stuart	Int 0.63	Dec 11	0.68	1.7
Lamont	Int 1.57	Dec 1	1.2	4.5
Lin & Edinburg	Int 3	—	2.5*	6.25*
Midland Martst	Int nil	—	1.25	4
Sears	Int 1	Dec 8	0.9	3.4
Telephone Rentals	Int 2.75†	Dec 3	2.5	7

Dividends shown in pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡US\$ stock. †Unquoted rights. ‡1sh.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any securities in J.T. Parrish PLC ("Parrish").

Application will be made to the Council of The Stock Exchange for the ordinary shares, now being issued and to be issued (fully paid) share capital of Parrish to be admitted to the Official List.

J.T. Parrish PLC
(Registered in England No. 146112)

Introduction to the Official List
Acquisitions of Dunley Marshall and E.F. Matthews & Co. and The Colne Investment Corporation Limited.

Subdivision of Ordinary Shares
Rights issue of 1,440,000 new Ordinary Shares of 5p each at 100p per share

SHARE CAPITAL

Authorised	£1,000,000	Ordinary shares of 5p each	£200,000
Issued, now being			
Issued, fully paid			
Issued, now being			
Issued, fully paid			

Listing Particulars relating to the Ordinary Shares of 5p each to be issued pursuant to the rights issue, to be issued as a consequence of the subdivision of each existing Ordinary Share of 25p each into 5 Ordinary Shares of 5p each and to be issued as consideration for the proposed acquisition of Dunley Marshall, E.F. Matthews & Co. and The Colne Investment Corporation Limited ("LIC") are available in the statistical services of Easi Statistical Services Limited. The Listing Particulars have been prepared on the basis that the acquisitions of Dunley Marshall, E.F. Matthews & Co. and LIC are approved by shareholders of J.T. Parrish PLC at an Extraordinary General Meeting convened for 18th October, 1986.

Copies of the Listing Particulars are available for collection from the Company Announcements Office, The Stock Exchange, Threadneedle Street, London EC2R 8ET until Friday, 10th October, 1986 and may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 5th November, 1986 from:

Company Listed
Dunley Marshall, E.F. Matthews & Co. and LIC are approved by shareholders of J.T. Parrish PLC at an Extraordinary General Meeting convened for 18th October, 1986.

J.T. Parrish PLC
123 Victoria Street
London EC2P 4JX

8th October, 1986

UK COMPANY NEWS

Bowthorpe ahead 19% and record year expected

BY PHILIP COGGAN

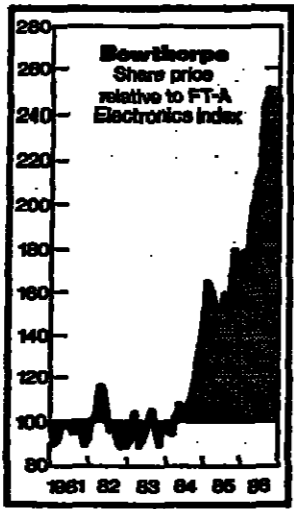
Bowthorpe Holdings, the electronic and electrical components group, has announced interim pre-tax profits up 19 per cent to £18.65m for the half year ended June 30. The interim dividend is being increased 15 per cent to 2.58p per share, against 2.25p last time.

In his statement, Mr Ray Parsons, executive chairman, said he confidently anticipated a further record in profits and sales for the current year.

UK profits increased to 42.2 per cent of the pre-tax total, partly due to the adverse effect of currency movements (estimated at £201,000) on overseas profits. In total, operating profit was £18.65m (£10.9m), after profits from related companies of £616,000 (£609,000). Interest income was up from £945,000 to £784,000.

After UK taxes of £2.04m (£1.77m), overseas tax of £5.51m (£5.22m) and minority interests of £452,000 (£472,000), earnings per share were up 22 per cent at 16.5p (13.5p). Turnover was £70.55m (£64.14m).

Bowthorpe specialises in producing low-cost volume components for a diversified international range of customers.



Around 25 per cent of its sales go to the defence industry. In the last few years, the company has concentrated on seeking out "niche" areas in the electronics sector and to that end, it paid £4.5m in April for Protimeter, the moisture meter manufacturer.

● comment

Bowthorpe has been steadily increasing its profits for some years now but these figures still managed to exceed expectations and the shares closed up 25p at 570p. The performance was all the more creditable, if the weaknesses in the US electronics market (25 per cent of pre-tax profit) and the adverse effect of currency movements is considered. There were also problems in Japan and in three small British companies. However, Bowthorpe is by now so diversified that it would take quite a major combination of adverse factors to unsettle it. A question mark remains over the extent to which further margin improvements can be squeezed out of the core businesses (the return on sales was up from 16.1 per cent to 17.3 per cent this time). Perhaps the move into instrumentation will give the margins a boost. In any case, assuming pre-tax profits of £28.5m for the full year, the prospective multiple of 16.5 seems to indicate that the market is confident about the long term growth prospects.

LET lifts interim 20% as profits surge towards £7m

BY PAUL CHESTERIGHT

London and Edinburgh Trust, the fast expanding property company, yesterday satisfied market expectations by more than doubling its interim pre-tax profits to £5.9m and giving a muted promise of better things to come in the second half.

The interim dividend is again 3p a share, but effectively a 20 per cent increase when adjusting for a scrip. Total payment for 1986 was £1.25p.

The share price rose quickly to 265p as the results were announced, but then ran into profit-taking before settling back at its overnight level of 260p.

First half 1986 profit compared with £3.26m last time.

Mr John Beckwith, chairman, made the guarded prediction that results in the second half would be satisfactory—the company was prevented from making a profits forecast by virtue of its offer to take a stake in Kellogg Trust, the resource factoring company.

But LET and Balfour Beatty, the joint owners, were planning

to offer for sale, probably in November, 40 per cent of the equity in London and Metropolitan Estates. This could provide LET with an extra-ordinary capital gain of £15m.

This, plus higher retained profits, would substantially strengthen LET's balance sheet, leaving it with shareholders' funds of around £70m and net debt of about £30m.

The second half should see a continuation in the trend of higher revenue from developments that was clearly evident in the first.

Although there was a substantial increase in LET's net rental income to £10.6m during the first half, against £598,000, the basic cause of the increased profits was a return from office developments in Paris, the City of London and Reading—some £5m in all.

Net profits were £5.5m (£2.4m). Earnings per share, diluted, were 18.1p, against 10.5p in the first six months of 1985 and 25.3p for the full year.

NOTICE OF ISSUE ABRIDGED PARTICULARS
This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

Essex Water Company

(Incorporated in England on 11th July, 1981 by the South Essex Waterworks Act, 1981, the name of the Company being changed on 1st July, 1970 by the Essex Water Order 1970).

OFFER FOR SALE BY TENDER OF £5,000,000

8 3/4 per cent. Redeemable Preference Stock, 1993
(which will mature for redemption at par on 31st December, 1993)

Minimum Price of Issue £100 per £100 of Stock

yielding at that price, together with the associated tax credit at the current rate, £12.147 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto.

The preferential dividends on this Stock, which will rank for dividends with the existing Preference Stocks, will be at the rate of 8 3/4 per cent. per annum without deduction of tax. Under the imputation tax system, the associated tax credit, at the current rate of Advance Corporation Tax (ACT) (7/11ths of the distribution), is equal to a rate of 3.522 per cent. per annum.

Tenders for the Stock must be made on the Form of Tender supplied with the Listing Particulars and must be accompanied by a deposit of £10 per £100 nominal amount of Stock applied for and sent in a sealed envelope to Ernest & Whinney, 7th Floor, Sun Alliance House, 50 Fenchurch Street, London EC3A 3JY marked "Tender for Essex Water Stock" so as to be received not later than 11 a.m. on Thursday, 10th October, 1986. The balance of the purchase money will be payable on or before Tuesday, 23rd December, 1986.

Copies of the Listing Particulars, on the terms of which alone Tenders will be considered, and Forms of Tender will be available, for collection only, during usual business hours today and tomorrow from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours from:

Seymour, Pierce & Co.,
10, Old Jewry, London EC2R 8EA.
National Westminster Bank PLC,
P.O. Box 12, National Westminster House, 6, High Street, Chelmsford, Essex CM1 1BL
and from the Company's principal office,
Hall Street, Chelmsford, Essex CM2 0HH.
8th October, 1986

NOTICE OF ISSUE ABRIDGED PARTICULARS
This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

Portsmouth Water Company

(Incorporated in England on 13th July, 1957 by the Borough of Portsmouth Waterworks Act, 1957)

OFFER FOR SALE BY TENDER OF £1,250,000

8 3/4 per cent. Redeemable Preference Stock, 1996
(which will mature for redemption at par on 31st December, 1996)

Minimum Price of Issue £100 per £100 of Stock

yielding at that price, together with the associated tax credit at the current rate, £12.322 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto.

The preferential dividends on this Stock, which will rank for dividends with the existing Preference Stocks, will be at the rate of 8 3/4 per cent. per annum without deduction of tax. Under the imputation tax system, the associated tax credit, at the current rate of Advance Corporation Tax (ACT) (7/11ths of the distribution), is equal to a rate of 3.573 per cent. per annum.

Tenders for the Stock must be made on the Form of Tender supplied with the Listing Particulars and must be accompanied by a deposit of £10 per £100 nominal amount of Stock applied for and sent in a sealed envelope to Lloyds Bank Plc, Registrar's Department, Issue Section, PO Box 1000, 11, Bishopsgate, London EC2N 3LB marked "Tender for Portsmouth Water Stock" so as to be received not later than 11 a.m. on Thursday, 10th October, 1986. The balance of the purchase money will be payable on or before Tuesday, 23rd December, 1986.

Copies of the Listing Particulars, on the terms of which alone Tenders will be considered, and Forms of Tender will be available, for collection only, during usual business hours today and tomorrow from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours from:

Seymour, Pierce & Co.,
10, Old Jewry, London EC2R 8EA.
Lloyds Bank Plc,
Registrar's Department, Issue Section, PO Box 1000, 11, Bishopsgate, London EC2N 3LB.
and
4, West Street, Havant, Hants. PO9 1PE
and from the Company's principal office,
"Brookhampton Springs", West Street, Havant, Hants. PO9 1LG.
8th October, 1986

NOTICE OF ISSUE ABRIDGED PARTICULARS
This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

Tendring Hundred Waterworks Company

(Incorporated in England by the Tendring Hundred Waterworks Act, 1984)

OFFER FOR SALE BY TENDER OF £1,500,000

8 3/4 per cent. Redeemable Preference Stock, 1996
(which will mature for redemption at par on 28th November, 1996)

Minimum Price of Issue £100 per £100 of Stock

yielding at that price, together with the associated tax credit at the current rate, £12.322 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto.

The preferential dividends on this Stock, which will rank for dividends with the existing Preference Stocks, will be at the rate of 8 3/4 per cent. per annum without deduction of tax. Under the imputation tax system, the associated tax credit, at the current rate of Advance Corporation Tax (ACT) (7/11ths of the distribution), is equal to a rate of 3.573 per cent. per annum.

Tenders for the Stock must be made on the Form of Tender supplied with the Listing Particulars and must be accompanied by a deposit of £10 per £100 nominal amount of Stock applied for and sent in a sealed envelope to Deloitte Haslins & Sells, New Issues Department, P.O. Box 207, 126, Queen Victoria Street, London EC4P 4JX marked "Tender for Tendring Hundred Water Stock" so as to be received not later than 11 a.m. on Thursday, 10th October, 1986. The balance of the purchase money will be payable on or before Tuesday, 23rd November, 1986.

Copies of the Listing Particulars, on the terms of which alone Tenders will be considered, and Forms of Tender will be available, for collection only, during usual business hours today and tomorrow from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours from:

Seymour, Pierce & Co.,
10, Old Jewry, London EC2R 8EA.
Deloitte Haslins & Sells,
New Issues Department, P.O. Box 207, 126, Queen Victoria Street, London EC4P 4JX
Barclays Bank PLC,
4, High Street, Manningtree, Essex CO11 1AF
and from the Company's principal office,
Mill Hill, Mitley, Manningtree, Essex CO11 2AZ.
8th October, 1986

Compensation for former Phoenix chief

MR DENNIS COOK, former chairman of the Phoenix Timber group, has received £170,000 in compensation for loss of service, according to the company's accounts for the year ended last March.

Mr Cook left the company in March following a bitter battle for boardroom control. He and two other directors, who left at about the same time, issued a writ against Phoenix claiming damages arising from termination of their employment.

Mr Peter Quinn, new chairman, said in his annual statement that the company had been advised that it would be in its best interests to settle with Mr Cook. It would, however, resist the claims of former directors Mr Bryan Ledger and Mr James Cupples.

The company said that, in addition to the £170,000, it would make a contribution of £2,500 towards Mr Cook's legal costs.

Select Appointments for USM with £8m value

BY ALICE RAWSTHORN

Select Appointments, a recruitment consultancy, has announced plans to go public on the Unlisted Securities Market in April next year. The flotation will value the company at around £8m.

The company was formed in late 1983 after securing finance from the Government's Business Expansion Scheme. It then operated one recruitment agency in Crawley, Sussex. Since then the company has built up a chain of 25 agencies, all over the south and south east of England.

Select bought itself out of the BES in March, becoming the first company to do so, in order to prepare for its USM flotation and to expand overseas. The capital raised by the flotation, which will be sponsored by stockbrokers, Kleinwort Gieve, will be used to finance the acquisition of a recruitment consultancy in New York.

"We want to expand into other countries and the pro-

ceeds of the flotation will give us the opportunity to start by moving into the US," said Mr Robert Klapp, Select's chairman and managing director. "We are also keen to expand in the UK by acquiring niche recruitment consultancies."

Select operated at a loss in its first year of business but has since moved into profit. In the current year to April 5, the company is expected to produce pre-tax profits of £800,000 on turnover of £10m.

Booth Industries
Shares in Booth Industries, structural engineer, rose 45p to 148p yesterday after the company said it was not aware of any new developments to explain recent price increases. Yesterday's rise meant that the share price had virtually doubled since September 26 when it stood at 79p. At 148p the group is capitalised at £1.3m.

Falcon sells tool offshoots to Newship for £3m

BY MIKE SMITH

Falcon Industries, building, tools and engineering group, is selling its Jenks and Cattell and Burgen and Ball garden tool subsidiaries for about £3m to Newship Industries, private holding group, which specialises in turning round companies.

Falcon has been looking for a buyer for the offshoots for some time as part of the reorganisation under Mr Michael Hindmarch, its new chairman and managing director. In the six months to June 30 1986 operating profits for Jenks fell from £345,000 to £199,000 and Burgen suffered a £95,000 downturn to losses of £72,000.

Mr Hindmarch said it did not have the management or cash resources to put right the companies.

Last December it agreed to sell the companies for £5.15m to Spear and Jackson, garden tool manufacturer, but the deal fell through when Spear lost its battle against a takeover by

James Neill Holdings. Yesterday Falcon's shares rose 5p to 44p.

The price was £2.73m below the companies' book value. Falcon wrote off about £1m of its amount. Last year's accounts and the rest be written off this year.

Mr Hindmarch said the sale, which follows that of various properties and Kestrel Easterns, meant that the group's reorganisation was almost complete.

"We are left with a group in which we have confidence," he said. "We are looking for considerable improvement in this year's figures."

Under the deal, which is subject to shareholders' approval, Falcon will pay off £3m of the company's debts. The exact proceeds depend on the valuation of assets on completion.

Citygrove to join USM

By Alice Rawsthorpe

Citygrove, a retail property developer which specialises in out-of-town "retail park" developments, is joining the Unlisted Securities Market in a placing of shares which capitalises the company at £6.2m.

The company procures, plans and develops retail parks—that is out-of-town shopping centres and has begun construction groups of retailers to fill the parks.

In the current financial year Citygrove has completed, or expects to complete, nine retail parks and has begun construction work on five more parks. In the next financial year, to November 30 1987, it expects to develop 500,000 sq ft of retail park space.

In the current financial year the board anticipates pre-tax profits of £625,000 on turnover of £12m.

In the placing—sponsored jointly by the merchant bank Hill Samuel and stockbroker, Wood Mackenzie—Citygrove will release 3m ordinary shares or 43.5 per cent of its equity, at 100p a share producing a prospective P/E of 14.5.

The flotation will produce £1.5m to be invested in the company.

INTERNATIONAL BANK LTD
Agent Bank

CANADIAN CO-OPERATIVE CREDIT SOCIETY LIMITED
U.S.\$98,000,000
Revolving Underwriting Facility Due 1996 (Series 4)

Notice is hereby given that for the one month interest period from the 8th October, 1986 to 10th November, 1986 the following will apply:

- (1) Rate of interest 6.10% pa
- (2) Interest amount US\$2,795.83 per US\$500,000 nominal
- (3) Interest payment date 10th November, 1986

MERRILL LYNCH INTERNATIONAL BANK LTD
Agent Bank

Halfax Building Society
Floating Rate Loan Notes 1992

For the three month period from 7 October, 1986 to 7 January, 1987, the Notes will bear interest at the rate of 10% per cent. per annum. The Coupon amount per £5,000 Note will be £137.84, payable on 7 January, 1987.
Morgan Grenfell & Co. Limited
Agent Bank

I.G. INDEX
FT for October
1,354.1260 (-7)
Tel: 01-828 5699

MORGAN GRENFELL

Good performance across the Group

	6 months to 30.6.86 £,000	6 months to 30.6.85 (£,000)	12 months to 31.12.85 £,000
Profit before taxation	51,191	34,051	68,821
Profit after tax and minorities	33,345	19,961	41,525
Earnings per ordinary share	28.0p	17.8p	36.0p

Extract from the interim report of the Chairman, Lord Catto:

These results, which exceed the profit forecast made in connection with the listing of the Company's shares on The Stock Exchange earlier this year, reflect a high contribution from corporate finance activities and a good performance overall from the other activities of the Group. The contribution from banking and international capital market operations was ahead of our expectations; in particular, Morgan Grenfell & Co. Limited lead managed a significant number of new issues during the period in the Euro-sterling market. The results of our investment management operations were also well ahead of budget as were those of our overseas subsidiaries.

Considerable progress has been made during the period in developing our integrated securities business. Full ownership of Fitchin Denny & Co. and Pember & Boyle was acquired in April 1986, Morgan Grenfell Securities having become a member of The Stock Exchange in March. Following a

significant recruitment programme, research teams covering the major sectors of the equity market are now in place together with an experienced sales team. All our securities staff are now based in new offices at 20 Finsbury Circus in readiness for the commencement of dual capacity trading after 27th October.

In June of this year the Group's capital base was increased substantially by the raising of £154 million (net of expenses) of new equity capital. The capital base was further strengthened in August by the issue of \$200 million of primary capital in the form of updated floating rate notes and our total capital resources now exceed £590 million. The consolidated balance sheet includes trading balances attributable to our enlarged securities business.

The Board continues to have confidence in the outcome for 1986 as a whole and has approved the payment of an interim dividend of 3.5p per share payable on 21st November to holders of record on 23rd October, 1986.

MORGAN GRENFELL GROUP PLC

23 Great Winchester Street, London EC2P 2AX

rise and look good

5% grow

No Inoco support for Petrand

ish PLC

UK COMPANY NEWS

Comcap forecasts further growth

Comcap, supplier of IBM computer equipment, boosted interim pre-tax profit by 39 per cent to \$2.05m for the period to June 30 1986. This is compared with \$1.22m which was restated to include results on a merger basis of Aurit Services, acquired on December 31 1985.

Mr Ernest Schneider, chairman, said that the second half of the year normally experienced a higher level of activity and the directors were confident of further progress for the full year. Profits for 1986 totalled \$5.19m.

Clifford's moves ahead despite poor cream sales

Pre-tax profits of Clifford's Dairies, processor and distributor of milk, dairy products and groceries, rose from \$1.81m to \$2.51m in the first half of 1986 on turnover of \$44.62m compared with \$41.11m for the corresponding period of the previous year.

Shaw loss slows Lamont profit growth

Lamont Holdings, Ulster's fast-growing textile manufacturing, property and engineering group, posted pre-tax profits of \$2.18m for the first half of 1986. Turnover was up 9.5 per cent to \$27.06m.

At Moygashel (apparel and furnishing fabrics) caused by disappointing sales of apparel fashion fabrics.

Operating profit for the result in the year was \$2.54m (\$2.17m) with associated companies adding \$33,000 (\$39,000). Tax takes \$234,000 (\$212,000) and there is an extraordinary credit after tax of \$25,000 (\$16,000) representing profits on disposal of property.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any securities in CVD Incorporated (the "Company").



CVD Incorporated

(Incorporated with limited liability under the laws of the State of Delaware, USA)

Introduction to the Official List Sponsored by Phillips & Drew

Share Capital

Authorized \$160,000

in shares of Common Stock of par value \$0.01 each

Issued and Fully Paid \$136,739

The Company is a major producer of materials made by the chemical vapour deposition (CVD) process. These materials, having numerous military and commercial applications, are used as infrared windows, lenses and other optical elements.

Application has been made to the Council of The Stock Exchange for the admission of the whole of the issued share capital of the Company, currently dealt in in the United States Securities Market, to the Official List. It is expected that the Company's share capital will be admitted to the Official List on 13th October, 1986, and that dealings will commence on the Official List on 13th October, 1986.

185 New Boston Street, Woburn, Massachusetts 01801

Ravenbourne Registration Services Limited, Bourn House, 34 Beckenham Road, Kent BR3 4TU

8th October, 1986

NOTICE OF REDEMPTION To the Holders of

International Standard Electric Corporation

6 1/2% Convertible Sinking Fund Debentures due 1989

(Convertible on and after May 15, 1970 into Common Stock of IIT Corporation)

NOTICE IS HEREBY GIVEN, that pursuant to the terms of the Indenture dated as of November 1, 1969 (the "Indenture"), between International Standard Electric Corporation (the "Company") and Bankers Trust Company, as Trustee (the "Trustee") (\$1,250,000 principal amount of the Company's 6 1/2% Convertible Sinking Fund Debentures Due 1989 (the "Debentures") have been called for redemption through the operation of the mandatory Sinking Fund on November 1, 1986 pursuant to Section 3.02 of the Indenture at 100% of the principal amount thereof (the "Redemption Price"), and (ii) an additional \$1,250,000 principal amount of the Debentures have been called for redemption through the operation of the optional Sinking Fund on November 1, 1986 pursuant to Section 3.02 of the Indenture, also at 100% of the principal amount thereof (the "Redemption Price").

On November 1, 1986, the Redemption Price will become due and payable upon all Debentures, payment of regular interest on the coupons will be made in the usual manner and all future interest thereon shall cease to accrue on and after said date. All Debentures, together with all coupons appertaining thereto maturing after November 1, 1986, are to be surrendered for payment of the redemption price at the main office of the Bankers Trust Company in London, 21, Old Broad Street, London, E.C. 2, or at any of the following offices: (1) Bankers Trust Company, 100 Wall Street, New York, N.Y.; (2) Bankers Trust Company, 100 Wall Street, New York, N.Y.; (3) Societe Generale de Banque S.A., in Brussels; (4) Dresdner Bank Aktiengesellschaft in Frankfurt; (5) Banque Generale du Luxembourg S.A. in Luxembourg; (6) Banca Nazionale del Lavoro in Milan; and (8) The Corporate Trust Office of Bankers Trust Company in the Borough of Manhattan, The City of New York; provided, however, that if Debentures are surrendered in the City of New York, certain certifications or information may be required in order to obtain relief or exemption from U.S. withholding taxes.

The following certificate numbers of Debentures are to be redeemed in whole for \$1,000 principal amount:

Table with 20 columns of certificate numbers ranging from 8 555 to 553 1086.

Conversion Rights

The Debentures are convertible into whole shares of Common Stock, par value \$1.00 per share of IIT Corporation ("Common Stock") through the close of business on November 1, 1986 as any of the above offices at the present adjusted conversion price of \$58.35. No fractional shares of Common Stock will be issued upon conversion.

International Standard Electric Corporation By Bankers Trust Company, Trustee

Ash & Lacy slowdown warning

Ash & Lacy, maker of perforated metal, steel cladding and galvanizers, yesterday reported a 30 per cent rise in interim profits, but pointed out that the cash position at this competitive, full year results would be around the same level as in 1985.

On a reduced turnover of \$18.77m (\$17.22m) pre-tax profits for the half year to June 30, 1986, rose from \$1.13m to \$1.42m. Earnings per 25p share were 2.3p higher at 17.9p and the interim dividend is stepped up from 10p to 11p - best year's final payment was 10.25p on \$3.01m profits.

However, the further fall in profits here, was more than offset in the half year by good performance from Joseph Ash & Son and Ash & Lacy Perforators.

Mr Fane Vernon, the chairman, said yesterday that the group was again building up a strong cash position and this continued to provide funds for future investments.

In addition to its plans for organic growth in present activities, the group had decided to make use of its financial resources to the expansion of its base by the acquisition of suitable companies. But Mr Vernon said that although this search was now proceeding, the process might take some time.

He said the board was resolved to resume the growth that the group achieved throughout the recession, but which had been inhibited in the last three years by an inevitable decline in profits from Ash & Lacy Steel Products.

BOARD MEETINGS

Table listing board meetings for various companies including Cottee Brothers, Delys Packaging, East West Gold and Uranium, etc.

Midland Marts £0.3m in profit midway

Midland Marts Group, the USM quoted livestock auctioneer and estate agency business, yesterday reported a pre-tax profit of \$252,000 for the six months to August 3, 1986.

CITYGROVE PLC

Citygrove is a specialist property developer with particular expertise in the development of out-of-town retail stores in the United Kingdom. Citygrove is currently engaged in the planning or construction of stores for many of the country's major retail groups. The Group also has a small property investment portfolio.

PLACING BY

HILL SAMUEL & CO. LIMITED

OF 3,000,000 ORDINARY SHARES OF 10p EACH AT 100p PER SHARE

SHARE CAPITAL

Table showing share capital details: Authorized £1,000,000, Issued and to be issued fully paid £690,286.

Particulars regarding the Company are available in the Exel Unlisted Securities Market Service and copies of such particulars may be obtained during normal business hours on weekdays (Saturdays excepted) up to and including 22nd October, 1986 from:

Hill Samuel & Co. Limited, 100 Wood Street, London EC2P 2AJ

8th October, 1986

Handwritten signature or mark at the bottom of the page.

AUTHORISED UNIT TRUSTS & INSURANCES

Wentley Asset Management Ltd (13) 10
13 Charlotte St, Edinburgh
City of Edinburgh Life Assurance
44 Chambers St, Edinburgh EC4 6HQ

Equitable Life Ass Sec-Corpl
London Pools
City of Westminster Assurance
Surrey House, 522 Abchurch Lane, EC4N 3JF

M & S Group
Three Kings, Tower Hill
National Provident Institution
49 Broadchurch St, London EC3R 9JH

Provincial Life Assurance Co Ltd
222 Broadways, London EC2R 2EJ
Scottish Life Assurance Ltd
100 St Andrew St, Edinburgh

INSURANCES

AA Priority Society
Dunstable Road, 10 & 11a High St
Abbey Life Assurance Co Ltd
20 Hockley Road, Newcastle

City of Westminster Assurance
Surrey House, 522 Abchurch Lane
City of Edinburgh Life Assurance
44 Chambers St, Edinburgh EC4 6HQ

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20 Hockley Road, Newcastle
Action Life Assurance Co Ltd
401 St John St, London EC1V 4JH

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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial services, including company names, addresses, and contact information.

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MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

TRADITIONAL OPTIONS

Table listing traditional options, including 3-month call rates and various option contracts.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Banks act to support dollar

THE DOLLAR rose sharply yesterday after concerted support by several European banks. The US unit had opened weaker and touched a low of DM 1.9815 before the West German Bundesbank intervened in the open market to buy dollars, followed by several other central banks including those in Switzerland, Belgium and Denmark. The extent of the intervention took the market by surprise and led to one or two burnt fingers as speculators hastened to cover short positions.

Timing of the intervention appeared to be well judged with the dollar slowly gaining before hand in relatively thin trading without any fresh economic data to reinforce the bearish trend. The Bundesbank had shown its sensitivity to the dollar falling below DM 1.9800 and after the market had seen that several central banks were intervening, the rate quickly rose to DM 1.9860 before moving above DM 2.00 later in the morning.

During the afternoon some of the earlier gains were shaved as the US unit still managed to finish higher at DM 2.0005 from DM 1.9860 and Y15.10 compared with Y15.05. Elsewhere it rose to SF 1.6300 from SF 1.6200 and FF 6.55 from FF 6.52. On Bank of England figures, the dollar exchange rate index rose from 100.2 to 100.5.

FINANCIAL FUTURES

Gilts firm but erratic

GILT PRICES were firmer in the London International Financial Futures Exchange yesterday but finished some way below the day's highs. Much of the erratic trading followed the release of UK money supply figures which over the past week had been assuming greater importance than usual. A rise in the 12-month rate to 10.25 per cent was well below market predictions and served to reduce tension surrounding the authorities' attempts to keep base rates at 10 per cent. The December contract moved up from 111.04 to 111.15 before reaching a high of 111.34. However, the expiration was short lived and the price dropped suddenly to 110.15 before coming back a little to finish at 110.25.

Earlier in the day it had opened at 110.15 and was sold down to 110.05 in the first few minutes as sterling slipped to a record trading low on its exchange rate index. This created a slight bear squeeze so that values were trading very nervously at 111.04 just before the announcement. The money supply figures tended to pose as many questions as they may have answered and the market seemed uncertain at the end of the day which way to move. Three-month starting deposits opened at 8.02 for December delivery and rose to a high of 8.51 on the money supply figures as cash rates were marked down quite sharply for a while. However, selling developed to push the price down to 8.22 before recovering to close at 8.26.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Rate, % change from previous day, % change from previous month, % change from previous year.

STERLING - FORWARD AGAINST THE POUND

Table with columns: Term, Forward rate, % change from previous day, % change from previous month, % change from previous year.

US IN NEW YORK

Table with columns: Instrument, Rate, % change from previous day, % change from previous month, % change from previous year.

STERLING INDEX

Table with columns: Index, % change from previous day, % change from previous month, % change from previous year.

CURRENCY RATES

Table with columns: Currency, Rate, % change from previous day, % change from previous month, % change from previous year.

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Rate, % change from previous day, % change from previous month, % change from previous year.

CURRENCY MOVEMENTS

Table with columns: Currency, Movement, % change from previous day, % change from previous month, % change from previous year.

EXCHANGE GROSS RATES

Table with columns: Currency, Rate, % change from previous day, % change from previous month, % change from previous year.

NEW YORK

Table with columns: Instrument, Rate, % change from previous day, % change from previous month, % change from previous year.

FT LONDON INTERBANK FOING

Table with columns: Term, Rate, % change from previous day, % change from previous month, % change from previous year.

MONEY MARKETS

UK rates decline on money figures

INTEREST RATES were marked down amid renewed activity on better than expected UK money supply figures. The Bank of England's 14.4 per cent rate was cut to 13.75 per cent, while the 12-month rate was cut to 10.25 per cent. The 3-month rate was cut to 8.25 per cent and the 6-month rate to 8.00 per cent.

NEW YORK

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MONEY MARKETS

UK clearing bank base lending rate 18 per cent since May 22

THE BANK OF ENGLAND announced that it had raised its base lending rate to 18 per cent from 17.25 per cent. The move was part of a package of measures to support the pound sterling.

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CHICAGO

Table with columns: Instrument, Rate, % change from previous day, % change from previous month, % change from previous year.

A FINANCIAL TIMES SURVEY

CHANNEL ISLANDS

The Financial Times proposes to publish a survey on the above on:—

WEDNESDAY 17th, DECEMBER 1986

- Topics to be discussed include:— The Economy, The Finance Industry, Company Law, Insurance, Industry, Population Policy, Tourism, Medical Care, Distribution, Property, Horticulture, The Lottery, Communications, Sark

For a full editorial synopsis and details of available advertisement positions, please contact:—

BRIAN HERON on 061-834 9381 or write to him at: Queen's House, Queen Street, Manchester, M2 5HT. Tel: 666813

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

London & Scottish banks' balances as at September 17 1986

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the committee of London and Scottish banks and cover the business of their offices and their subsidiaries which are listed by the Bank of England as falling within the monetary sector.

Table 1: Aggregate balances and liabilities. Columns include: Category, Total outstanding, Change on month, etc.

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUP BALANCES

Table 2: Individual group balances. Columns include: Group, Assets, Liabilities, etc.

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'Shares (Lives up to Five Years)', 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS - Cont.

Table of American Stocks with columns for Stock, Price, Dividend, and Yield. Includes sub-sections for 'CANADIANS' and 'BANKS, HP & LEASING'.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks with columns for Stock, Price, Dividend, and Yield.

ENGINEERING - Continued

Table of Engineering stocks with columns for Stock, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Stock, Price, Dividend, and Yield.

INDEX-Linked

Table of Index-Linked funds with columns for Stock, Price, Dividend, and Yield.

INT. BANK AND OSEAS GOVT. STERLING ISSUES

Table of International Bank and Overseas Government Sterling issues with columns for Stock, Price, Dividend, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Stock, Price, Dividend, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Stock, Price, Dividend, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Stock, Price, Dividend, and Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Dividend, and Yield.

UNDATED

Table of Undated stocks with columns for Stock, Price, Dividend, and Yield.

BANKS, HP & LEASING

Table of Banks, HP & Leasing stocks with columns for Stock, Price, Dividend, and Yield.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits stocks with columns for Stock, Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Stock, Price, Dividend, and Yield.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads stocks with columns for Stock, Price, Dividend, and Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks with columns for Stock, Price, Dividend, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Stock, Price, Dividend, and Yield.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads stocks with columns for Stock, Price, Dividend, and Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Dividend, and Yield.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks with columns for Stock, Price, Dividend, and Yield.

ELECTRICALS

Table of Electrical stocks with columns for Stock, Price, Dividend, and Yield.

FOOD, GROCERIES, ETC

Table of Food, Groceries, etc. stocks with columns for Stock, Price, Dividend, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Stock, Price, Dividend, and Yield.

INDUSTRIALS (Misc.)

Table of Industrial (Miscellaneous) stocks with columns for Stock, Price, Dividend, and Yield.

ENGINEERING

Table of Engineering stocks with columns for Stock, Price, Dividend, and Yield.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for stock price, dividends, and other financial metrics.

LEISURE—Continued

Table of leisure stocks including companies like Leisure, Leisure, Leisure, etc. with columns for stock price, dividends, and other financial metrics.

PROPERTY—Continued

Table of property stocks including companies like Property, Property, Property, etc. with columns for stock price, dividends, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Investment Trusts, Investment Trusts, Investment Trusts, etc. with columns for stock price, dividends, and other financial metrics.

FINANCE, LAND—Cont.

Table of finance and land stocks including companies like Finance, Finance, Finance, etc. with columns for stock price, dividends, and other financial metrics.

MINES—Continued

Table of mine stocks including companies like Mines, Mines, Mines, etc. with columns for stock price, dividends, and other financial metrics.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Motors, Motors, Motors, etc. with columns for stock price, dividends, and other financial metrics.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Newspapers, Newspapers, Newspapers, etc. with columns for stock price, dividends, and other financial metrics.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Paper, Paper, Paper, etc. with columns for stock price, dividends, and other financial metrics.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like Shoes, Shoes, Shoes, etc. with columns for stock price, dividends, and other financial metrics.

SOUTH AFRICANS

Table of South African stocks including companies like South Africans, South Africans, South Africans, etc. with columns for stock price, dividends, and other financial metrics.

TEXTILES

Table of textile stocks including companies like Textiles, Textiles, Textiles, etc. with columns for stock price, dividends, and other financial metrics.

INSURANCES

Table of insurance stocks including companies like Insurances, Insurances, Insurances, etc. with columns for stock price, dividends, and other financial metrics.

PROPERTY

Table of property stocks including companies like Property, Property, Property, etc. with columns for stock price, dividends, and other financial metrics.

TOBACCO

Table of tobacco stocks including companies like Tobacco, Tobacco, Tobacco, etc. with columns for stock price, dividends, and other financial metrics.

TRUSTS, FINANCE, LAND, etc.

Table of trusts, finance, and land stocks including companies like Trusts, Trusts, Trusts, etc. with columns for stock price, dividends, and other financial metrics.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Overseas Traders, Overseas Traders, Overseas Traders, etc. with columns for stock price, dividends, and other financial metrics.

PLANTATIONS

Table of plantation stocks including companies like Plantations, Plantations, Plantations, etc. with columns for stock price, dividends, and other financial metrics.

Regional and Irish Stocks section with various sub-sections and data.

LONDON STOCK EXCHANGE

Better money supply figures sustain markets although bonds and equities close below best

Account Dealing Dates
Option
*First Declara- Last Account
Dealings ions Dealings Day
Sept 29 Oct 9 Oct 18 Oct 29
Oct 1 Oct 22 Oct 24 Nov 3
Oct 27 Nov 6 Nov 17

The good news on UK money supply proved to have been well discounted in the London securities markets and it was left to other factors to provide the impetus for another rise in share prices. Government bonds moved up, helped by firmness in sterling but could not sustain their best levels, which were reached in the wake of the money supply announcement at 2.30 pm.

The equity market opened slowly but was held higher at mid-session by oil stocks from the decision by the United Arab Emirates to cut crude output seemed to increase the likelihood of success for the Opec ministerial talks now under way in Geneva. The prospect of firmer oil prices was also fed by rumours of a successful Iraqi bombing raid on the Ebargy Island installations.

Japan's agreement to eliminate tariffs on cigarette imports brought good US demand for B&T industries. B&T and tobacco stocks, trading in equities remained disappointingly thin. It was left to a clutch of speculative and special situation stocks, often fuelled by activity in traded options, to provide the features.

The market closed off the top, with a rise in the FT-SE 100 trimmed by the close. The FT-SE 100 ended a net 13.4 higher at 1523.3, and the FT Ordinary Share Index 8.1 up at 1257.3.

A new name on the speculative takeover scene was RTZ, the base metals and industrial group, which saw good business in both the share and traded options market. Some analysts suggested that Robert Holmes a Court, the Australian entrepreneur, might be interested in RTZ, now that Mr Carl Icahn has offered £5.7bn for USX, the former US steel group in which Mr Holmes a Court has shown interest.

Another French session in Grand Metropolitan signalled the market's conviction that a takeover move is planned, possibly by a consortium of investors.

FT firm operating in gilt-edged enabled the Government Broker to sell out two of his three new staple stocks, the 10pc Conversion 1990 being taken out at 97% and the 10pc Conversion 2000 at 89% and the 1990 stock found a ready demand, with one surge playing a leading role.

Gains in government bonds were extended to 3/4 of a point after the money supply announcement but were then quickly clipped as trading died away. At the close, shorts were 1/4 to 1/2 up and longer dates as much as 1/2 better. The FT Government Bonds Index rose by 0.24 to 82.98.

Morgan Grenfell flat
Shares in Morgan Grenfell which have dropped over a pound from last July's striking price of 500p, came under renewed selling pressure as advisers gave a pessimistic comment on the interim results. The shares fell away steadily to

end another depressed session 20 down at a new low of 380p. Kleinfert Benson, at 470p, and Mercury International, at 295p, lacked support and eased 5 pence, but Brown Shipley, in which Aredict bank S.A. Luxembourg non-pollable holds a 25.5 per cent stake, improved 5 at 515p. Narrow mixed price movements were the order of the day among the clearers which failed to experience any increase in trade ahead of Friday's flotation of the TSB. Midland hardened couple of pence to 539p, but Lloyds relinquished a few pence at 400p.

Composites took Monday's recovery a stage further, but the equity of trade left a lot to be desired. Perennial takeover favourite Commercial Union moved up 7p at 377p and Royals gained 7p at 779p. Lloyds broker C. E. Beasly firm 5 to 449p following an announcement that talks are in progress which could lead to the group's acquisition of Fielding Insurance, a reinsurance and general insurance company based in London, which achieved pre-tax profits of £4.3m in 1985, a 25 per cent increase over 1984.

Chemical group Marlborough returned to a satisfactory market debut, the shares, offered at 110p, opened at 119p and moved forward to 122p a first-day premium of 12 pence. Elsewhere, a firm tone across the board, although the leaders failed to maintain best levels. Allied-Lloyd's finished up 2 pence on balance at 510p, after 31p, while B&T, following news that Mr Tony Cole's Bestwood has acquired a near-10 per cent stake.

Business in the Building sector remained at a relatively low ebb, but leading issuer, managed by further progress as interest rate worries abated. BPF Industries, still reflecting a broker's visit, gained 4 pence to 457p. Timber hardened 4 to 634p and Blue Circle improved 6 to 556p. Castala revived with a gain of 10 at 510p and Barratt Developments firmed 2 to 149p. In the 10pc Conversion 1990 following further consideration of the interim results, but Turf continued to respond to the return to profitability and rose 1/4 to 147p. Hewden-Stewart firmed 1/2 to 171p.

Shares in government bonds were extended to 3/4 of a point after the money supply announcement but were then quickly clipped as trading died away. At the close, shorts were 1/4 to 1/2 up and longer dates as much as 1/2 better. The FT Government Bonds Index rose by 0.24 to 82.98.

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Shares subdued
Stores took Monday's tentative recovery a stage further, but finished below the best levels. Sears revealed interim pro-

FINANCIAL TIMES STOCK INDICES
Table with columns for Date, Index, and various market indicators like Government Secs, Fixed Interest, etc.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

news that major shareholders, Boston Investment Management and Ayre Mallett, had separately received offers to sell their respective shareholdings of 20.24 and 11.82 per cent in T.T. Elsewhere, WA improved a couple of pence to 539p on speculative support and Midland, in which Mr Ron Briery's IEP Securities holds a sizeable stake, firmed 3 pence at 180p. Sesther and P14, however, lost 10 more to 145p on further consideration of the increased half-year deficit.

Food shares recorded several noteworthy movements. United Biscuits attracted support following a broker's lunch and touched 229p prior to closing a net 7 up at 229p; the warrants moved up 6 to 90p. Northern Foods were again gained 4 at 182p. Secondary Electricals featured Berthaer, 25 higher at 570p in reply to a better-than-expected interim results and Process Systems, 11 to the good at 36p, in belated response to the news of the agreement with Westinghouse whereby PS will acquire the latter's MDA business for a total consideration of £7.5m cash. Sharp higher 1/2 to 182p following news that Grand Metropolitan were again among the day's most actively traded stocks and rose 10 more to 465p, after 449p, amid mounting takeover speculation and another heavy traded option business. Ladbroke found support at 351p, and Transhouse Forte hardened a couple of pence to 155p.

Wedgewood below best
Wedgewood was a strong feature among the day's most actively traded stocks and rose 10 more to 455p at one stage before closing 27 higher at 423p on the revelation that the board had received an offer to acquire the company from Waterford Glass, an earlier bid for the company made by London International in the share price. Tysack Turner continued to trade well, closing 10 higher at 75p following

news that major shareholders, Boston Investment Management and Ayre Mallett, had separately received offers to sell their respective shareholdings of 20.24 and 11.82 per cent in T.T. Elsewhere, WA improved a couple of pence to 539p on speculative support and Midland, in which Mr Ron Briery's IEP Securities holds a sizeable stake, firmed 3 pence at 180p. Sesther and P14, however, lost 10 more to 145p on further consideration of the increased half-year deficit.

Shipping presented several small features. James Fisher attracted light support and improved 4 to 61p. John I. Jacobs moved up 3 to 67p and Millard Boomer a similar amount to 44p. Turnbull and Scott were raised 10 to 380p. Mining markets enjoyed an active session in London as bullion's early strength—the metal touched \$444.25 at one stage—stimulated widespread and enthusiastic demand for Golds and related issues.

Australian Golds proved to be major beneficiaries as institutional investors, still hesitant to commit further funds to South Africa in the light of the current political situation, directed fresh attention to "down-under" counters. Leading stocks were heavily supported in both overnight domestic markets and in the London market. The FT-SE 100 contributed 1.79p calls and 1.05p puts. Total contracts transacted amounted to 27,701.

Selected textiles continued to benefit from trading statements. Lament improved 2 to 168p after increased first-half profits and the chairman's confident view of the full-year outcome, while S. Jerome rose 5 further to 87p still mirroring Monday's good interim results and statements. Sider was bought and closed 5 up at 145p. Removal of the Japanese tariff on cigarette imports inspired persistent demand for B&T which rose 10 to 483p, after 455p. Beckmans were also influenced by fresh speculation of an impending Canadian deal and settled 5 higher at 183p.

Financial, the Canadian group controlled by members of the Belberg family, had increased its share stake to 10.45 per cent and announced a takeover of the Exco, which gained 8 more to 243p. The development releases Tan Sri Khoo Teck Puan of Malaysia from the agreement to limit his interest in Exco to 29.9 per cent. Elsewhere, Harvey and Thompson advanced 10 to 255p and Frost group added 4 to 94p.

Oil stocks were quick to respond to reports that the United Arab Emirates oil minister expected the Opec meeting currently in progress in Geneva to reach a decision which could see crude prices rise to \$20 a barrel. Although a shade below the best at the close, BP were still 8 higher at 697p, after 689p, and Shell 5 dearer at 513p. Ultramar were finally 3 up at 161p, after 163p and LAMMO 5 higher at 125p, after 129p. British were a particularly good market and touched 130p prior to closing a net 8 up at 133p, while Enterprise gained 6 to 144p. Takeover favourite IGC revived with a gain of 1/2 to 491p and Telford added 3 to 56p following suggestions that the company may welcome a bid. Elsewhere, Firstland Oil and Gas shed 4 to 40p following the annual results and acquisition news.

Two stocks shared most of the business in Overseas Traders. Polly Peck extended the recent recovery, gaining 8 further to 219p, while Leasing put on 4 to 219p.

Traded Options

Traded Option activity centred, rather unusually, on mining finance houses Rio Tinto-Zinc and Consolidated Gold Fields which attracted 2,259 and 1,004 calls respectively. Grand Metropolitan, supported recently amid fresh talk of stake-building exercises, attracted another 2,000 calls and 261 puts. Dealers also reported a lively demand for positions in Boots, Courtauld and Cable and Wireless. The FT-SE 100 contributed 1.79p calls and 1.05p puts. Total contracts transacted amounted to 27,701.

Traditional Options

- First dealings
Oct 6 Oct 29 Nov 3
Last dealings
Oct 17 Oct 31 Nov 14
Last declaration
Jan 8 Jan 22 Feb 5
For Settlement
Jan 19 Feb 2 Feb 16

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Equity and General, Guinness Peat, Polly Peck, North Kilgarriff, Palmco, Stangor, Peak, Millford Docks, Kia Ora, J. E. England, Jones Mining, Toolwood, Conroy, Brooke Tool, Moenac Oil, Energy Capital, Sealed Disposal, British Oil and Minerals, Ecobric, Common Brothers, Berkeley and Hay Hill, Cliff, Abaco Investments, Apicot Computers, Cronite, Nobel International Morgan Grenfell and various others. At call where done in Conroy, while doubles were taken out in Equity and General and Raime Industries.

YESTERDAY'S ACTIVE STOCKS

Table showing yesterday's active stocks with columns for Stock, Closing, Day's Change, and Day's Volume.

MONDAY'S ACTIVE STOCKS

Table showing Monday's active stocks with columns for Stock, Closing, Day's Change, and Day's Volume.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various stock categories like British Funds, Corporations, etc.

NEW HIGHS AND LOWS FOR 1986

Table listing new highs and lows for various companies in 1986.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of FT-Actuaries Indices for Tuesday October 7 1986, including Equity Groups and Fixed Interest.

FIXED INTEREST

Table of Fixed Interest rates and yields for various terms and currencies.

Opening index: 1579.4; 10 am 1579.2; 11 am 1581.0; Noon 1591.3; 1 pm 1593.3; 2 pm 1594.1; 3 pm 1594.1; 3.30 pm 1594.5; 4 pm 1593.8

LONDON TRADED OPTIONS

Table of London Traded Options for various stocks like Allied Lyons, B.P., etc.

BASE LENDING RATES

Table of Base Lending Rates for various banks and currencies.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange for various stocks and currencies.

BASE LENDING RATES

Table of Base Lending Rates for various banks and currencies.

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WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, Canada, Denmark, Italy, Switzerland, France, Netherlands, and South Africa. Columns include stock names, prices, and changes.

CANADA

Table of Canadian stock markets including Toronto and Montreal. Columns include stock names, prices, and changes.

Indices

Table of stock indices for New York, London, and other major markets. Columns include index names, values, and changes.

OVER-THE-COUNTER

Table of over-the-counter stock prices with columns for stock names, prices, and changes.

LONDON

Table of London stock market price changes for various sectors like RISES, FALLS, and SHARES.

It's attention to detail

Text advertisement for Hotel Sofitel, highlighting attention to detail and business services.

Advertisement for 'Get your News early in Stuttgart' with contact information for the Frankfurt office.

Advertisement for 'Special Subscription HAND DELIVERY SERVICE' for the Financial Times in Oslo & Stavanger.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month	High	Low	Stock	Dr.	TM	High	Low	12 Month	High	Low	Stock	Dr.	TM	High	Low	12 Month	High	Low	Stock	Dr.	TM	High	Low	
12	11.5	11.0	AAR	+	1.5	11.5	11.0	12	11.5	11.0	AMC	+	1.5	11.5	11.0	12	11.5	11.0	AMT	+	1.5	11.5	11.0	
13	11.5	11.0	AAW	+	1.5	11.5	11.0	13	11.5	11.0	AMG	+	1.5	11.5	11.0	13	11.5	11.0	AMN	+	1.5	11.5	11.0	13
14	11.5	11.0	AB	+	1.5	11.5	11.0	14	11.5	11.0	AMH	+	1.5	11.5	11.0	14	11.5	11.0	AMJ	+	1.5	11.5	11.0	14
15	11.5	11.0	ABC	+	1.5	11.5	11.0	15	11.5	11.0	AMK	+	1.5	11.5	11.0	15	11.5	11.0	AML	+	1.5	11.5	11.0	15
16	11.5	11.0	ABD	+	1.5	11.5	11.0	16	11.5	11.0	AMM	+	1.5	11.5	11.0	16	11.5	11.0	AMN	+	1.5	11.5	11.0	16
17	11.5	11.0	ABE	+	1.5	11.5	11.0	17	11.5	11.0	AMO	+	1.5	11.5	11.0	17	11.5	11.0	AMP	+	1.5	11.5	11.0	17
18	11.5	11.0	ABF	+	1.5	11.5	11.0	18	11.5	11.0	AMQ	+	1.5	11.5	11.0	18	11.5	11.0	AMR	+	1.5	11.5	11.0	18
19	11.5	11.0	ABG	+	1.5	11.5	11.0	19	11.5	11.0	AMS	+	1.5	11.5	11.0	19	11.5	11.0	AMT	+	1.5	11.5	11.0	19
20	11.5	11.0	ABH	+	1.5	11.5	11.0	20	11.5	11.0	AMU	+	1.5	11.5	11.0	20	11.5	11.0	AMV	+	1.5	11.5	11.0	20
21	11.5	11.0	ABI	+	1.5	11.5	11.0	21	11.5	11.0	AMW	+	1.5	11.5	11.0	21	11.5	11.0	AMX	+	1.5	11.5	11.0	21
22	11.5	11.0	ABJ	+	1.5	11.5	11.0	22	11.5	11.0	AMY	+	1.5	11.5	11.0	22	11.5	11.0	AMZ	+	1.5	11.5	11.0	22
23	11.5	11.0	ABK	+	1.5	11.5	11.0	23	11.5	11.0	AN	+	1.5	11.5	11.0	23	11.5	11.0	ANB	+	1.5	11.5	11.0	23
24	11.5	11.0	ABL	+	1.5	11.5	11.0	24	11.5	11.0	AND	+	1.5	11.5	11.0	24	11.5	11.0	ANE	+	1.5	11.5	11.0	24
25	11.5	11.0	ABM	+	1.5	11.5	11.0	25	11.5	11.0	ANG	+	1.5	11.5	11.0	25	11.5	11.0	ANI	+	1.5	11.5	11.0	25
26	11.5	11.0	ABN	+	1.5	11.5	11.0	26	11.5	11.0	ANJ	+	1.5	11.5	11.0	26	11.5	11.0	ANK	+	1.5	11.5	11.0	26
27	11.5	11.0	ABO	+	1.5	11.5	11.0	27	11.5	11.0	ANL	+	1.5	11.5	11.0	27	11.5	11.0	ANM	+	1.5	11.5	11.0	27
28	11.5	11.0	ABP	+	1.5	11.5	11.0	28	11.5	11.0	ANR	+	1.5	11.5	11.0	28	11.5	11.0	ANS	+	1.5	11.5	11.0	28
29	11.5	11.0	ABQ	+	1.5	11.5	11.0	29	11.5	11.0	ANT	+	1.5	11.5	11.0	29	11.5	11.0	ANU	+	1.5	11.5	11.0	29
30	11.5	11.0	ABR	+	1.5	11.5	11.0	30	11.5	11.0	AO	+	1.5	11.5	11.0	30	11.5	11.0	AON	+	1.5	11.5	11.0	30
31	11.5	11.0	ABS	+	1.5	11.5	11.0	31	11.5	11.0	AOP	+	1.5	11.5	11.0	31	11.5	11.0	AOR	+	1.5	11.5	11.0	31
32	11.5	11.0	ABT	+	1.5	11.5	11.0	32	11.5	11.0	AOS	+	1.5	11.5	11.0	32	11.5	11.0	AOW	+	1.5	11.5	11.0	32
33	11.5	11.0	ABU	+	1.5	11.5	11.0	33	11.5	11.0	AOT	+	1.5	11.5	11.0	33	11.5	11.0	AOX	+	1.5	11.5	11.0	33
34	11.5	11.0	ABV	+	1.5	11.5	11.0	34	11.5	11.0	AOU	+	1.5	11.5	11.0	34	11.5	11.0	AOY	+	1.5	11.5	11.0	34
35	11.5	11.0	ABW	+	1.5	11.5	11.0	35	11.5	11.0	AOV	+	1.5	11.5	11.0	35	11.5	11.0	AOW	+	1.5	11.5	11.0	35
36	11.5	11.0	ABX	+	1.5	11.5	11.0	36	11.5	11.0	AOZ	+	1.5	11.5	11.0	36	11.5	11.0	AOW	+	1.5	11.5	11.0	36
37	11.5	11.0	ABY	+	1.5	11.5	11.0	37	11.5	11.0	AOA	+	1.5	11.5	11.0	37	11.5	11.0	AOW	+	1.5	11.5	11.0	37
38	11.5	11.0	ABZ	+	1.5	11.5	11.0	38	11.5	11.0	AOB	+	1.5	11.5	11.0	38	11.5	11.0	AOW	+	1.5	11.5	11.0	38
39	11.5	11.0	ACA	+	1.5	11.5	11.0	39	11.5	11.0	AOC	+	1.5	11.5	11.0	39	11.5	11.0	AOW	+	1.5	11.5	11.0	39
40	11.5	11.0	AC	+	1.5	11.5	11.0	40	11.5	11.0	AOD	+	1.5	11.5	11.0	40	11.5	11.0	AOW	+	1.5	11.5	11.0	40
41	11.5	11.0	ACA	+	1.5	11.5	11.0	41	11.5	11.0	AOE	+	1.5	11.5	11.0	41	11.5	11.0	AOW	+	1.5	11.5	11.0	41
42	11.5	11.0	ACB	+	1.5	11.5	11.0	42	11.5	11.0	AOF	+	1.5	11.5	11.0	42	11.5	11.0	AOW	+	1.5	11.5	11.0	42
43	11.5	11.0	ACC	+	1.5	11.5	11.0	43	11.5	11.0	AOG	+	1.5	11.5	11.0	43	11.5	11.0	AOW	+	1.5	11.5	11.0	43
44	11.5	11.0	ACD	+	1.5	11.5	11.0	44	11.5	11.0	AOH	+	1.5	11.5	11.0	44	11.5	11.0	AOW	+	1.5	11.5	11.0	44
45	11.5	11.0	ACE	+	1.5	11.5	11.0	45	11.5	11.0	AOI	+	1.5	11.5	11.0	45	11.5	11.0	AOW	+	1.5	11.5	11.0	45
46	11.5	11.0	ACF	+	1.5	11.5	11.0	46	11.5	11.0	AOK	+	1.5	11.5	11.0	46	11.5	11.0	AOW	+	1.5	11.5	11.0	46
47	11.5	11.0	ACG	+	1.5	11.5	11.0	47	11.5	11.0	AOL	+	1.5	11.5	11.0	47	11.5	11.0	AOW	+	1.5	11.5	11.0	47
48	11.5	11.0	ACH	+	1.5	11.5	11.0	48	11.5	11.0	AOM	+	1.5	11.5	11.0	48	11.5	11.0	AOW	+	1.5	11.5	11.0	48
49	11.5	11.0	ACI	+	1.5	11.5	11.0	49	11.5	11.0	AON	+	1.5	11.5	11.0	49	11.5	11.0	AOW	+	1.5	11.5	11.0	49
50	11.5	11.0	ACJ	+	1.5	11.5	11.0	50	11.5	11.0	AOP	+	1.5	11.5	11.0	50	11.5	11.0	AOW	+	1.5	11.5	11.0	50
51	11.5	11.0	ACK	+	1.5	11.5	11.0	51	11.5	11.0	AOS	+	1.5	11.5	11.0	51	11.5	11.0	AOW	+	1.5	11.5	11.0	51
52	11.5	11.0	ACL	+	1.5	11.5	11.0	52	11.5	11.0	AOT	+	1.5	11.5	11.0	52	11.5	11.0	AOW	+	1.5	11.5	11.0	52
53	11.5	11.0	ACM	+	1.5	11.5	11.0	53	11.5	11.0	AOU	+	1.5	11.5	11.0	53	11.5	11.0	AOW	+	1.5	11.5	11.0	53
54	11.5	11.0	ACN	+	1.5	11.5	11.0	54	11.5	11.0	AOV	+	1.5	11.5	11.0	54	11.5	11.0	AOW	+	1.5	11.5	11.0	54
55	11.5	11.0	ACO	+	1.5	11.5	11.0	55	11.5	11.0	AOW	+	1.5	11.5	11.0	55	11.5	11.0	AOW	+	1.5	11.5	11.0	55
56	11.5	11.0	ACP	+	1.5	11.5	11.0	56	11.5	11.0	AOX	+	1.5	11.5	11.0	56	11.5	11.0	AOW	+	1.5	11.5	11.0	56
57	11.5	11.0	ACQ	+	1.5	11.5	11.0	57	11.5	11.0	AOY	+	1.5	11.5	11.0	57	11.5	11.0	AOW	+	1.5	11.5	11.0	57
58	11.5	11.0	ACR	+	1.5	11.5	11.0	58	11.5	11.0	AOW	+	1.5	11.5	11.0	58	11.5	11.0	AOW	+	1.5	11.5	11.0	58
59	11.5	11.0	ACS	+	1.5	11.5	11.0	59	11.5	11.0	AOW	+	1.5	11.5	11.0	59	11.5	11.0	AOW	+	1.5	11.5	11.0	59
60	11.5	11.0	ACT	+	1.5	11.5	11.0	60	11.5	11.0	AOW	+	1.5	11.5	11.0	60	11.5	11.0	AOW	+	1.5	11.5	11.0	60
61	11.5	11.0	ACU	+	1.5	11.5	11.0	61	11.5	11.0	AOW	+	1.5	11.5	11.0	61	11.5	11.0	AOW	+	1.5	11.5	11.0	61
62	11.5	11.0	ACV	+	1.5	11.5	11.0	62	11.5	11.0	AOW	+	1.5	11.5	11.0	62	11.5	11.0	AOW	+	1.5	11.5	11.0	62
63	11.5	11.0	ACW	+	1.5	11.5	11.0	63	11.5	11.0	AOW	+	1.5	11.5	11.0	63	11.5	11.0	AOW	+	1.5	11.5	11.0	63
64	11.5	11.0	ACX	+	1.5	11.5	11.0	64	11.5	11.0	AOW	+	1.5	11.5	11.0	64	11.5	11.0	AOW	+	1.5	11.5	11.0	64
65	11.5	11.0	ACY	+																				

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NYSE COMPOSITE CLOSING PRICES

Main table of NYSE Composite Closing Prices. Columns include Stock, Div, Yld, P/E, High, Low, Last, and Change. Includes sub-sections for 'Continued from Page 38' and 'AMSTERDAM/DELFT/INDHOVEN'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, Div, Yld, P/E, High, Low, Last, and Change.

OVER-THE-COUNTER

Table of Over-the-Counter market closing prices. Columns include Stock, Div, Yld, P/E, High, Low, Last, and Change. Includes a note: 'Sales figures are in millions. Yearly high and low reflect the previous 52 weeks...'.

Advertisement for 'AMSTERDAM/DELFT/INDHOVEN' with contact information for Richard Wilks. Text includes 'HAND DELIVERY SERVICE' and 'THE NETHERLANDS'.

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Easier trend as economic fears remain

FURTHER FLUCTUATIONS in the dollar and doubts over the direction of the US economy left Wall Street stock and bond markets edging lower in quiet trading, writes Roderick Oram in New York.

Co-ordinated European central bank intervention helped to support the dollar but bond markets were unsettled by the currency's performance, causing prices to slip by up to one-third of a point as foreign investors worried about the value of their portfolios.

Stock market activity picked up from near the lowest levels of the year experienced on Monday but prices were essentially static.

The Dow Jones industrial average of 30 blue chip shares closed unchanged at 1,784.45 while the New York Stock Exchange composite index eased down 0.18 points to 135.14. NYSE volume was 125.1m with declining shares outnumbering rising by 790 to 714.

The Dow Jones Transportation Index, one of the market's recent sources of firmness, fell 4.12 points to 818.13 although it remains within 13 points of its peak set in March.

A key influence for the broad market

was the poor performance of IBM after good gains on Monday. It was off \$54 at \$1284 after analysts learned in a meeting with the company yesterday that its overseas results were going to be weaker than they had expected.

On the positive side, IBM announced a new computer architecture which could challenge the products of Digital Equipment whose shares fell 5 1/2% to \$90. Other technology stocks were also weak. Intel was off 5 1/2% at \$18, Honeywell fell 5% to \$89 and NCR eased 1 1/2% to \$48.

In the over-the-counter market Micro-soft, a leading computer software company, rose 3 1/2% to \$31 on news of first quarter earnings of 55 cents a share against 26 cents a year earlier.

USX was the most active issue rising 1 1/2% to \$27 following the \$31 a share bid on Monday from Mr Carl Leahy. The energy and steel group said it would respond to the offer at "the appropriate time." The \$8bn takeover would be the third largest in US corporate history.

BankAmerica, holding company for the second biggest US bank, surged 2 1/2% to \$14 on heavy volume after it rejected the takeover offer from First Interstate Bancorp consisting of a share swap worth about \$18 a share. First's shares fell 1 1/2% to \$32 1/2.

Viscon rose \$1 to \$43 1/2. Its outside directors rejected a revised buyout proposal by a group of investors including senior Viscon management worth \$44 a share against a first offer of \$42.50. A number of other investors have taken stakes in the company since the buyout was proposed.

Goodyear soared \$3 to \$36 on trading

of 1.8m shares on takeover speculation. The company said it knew no reason for the trading activity.

Tobacco stocks continued strong for a second day as analysts worked out the profit potential from the Japanese market following Tokyo's decision to abandon import tariffs on cigarettes. Philip Morris was up 1 1/2% at \$89 and RJR Nabisco rose 1 1/4% to \$50.

In credit markets some uncertainty was created by the monthly report from purchasing managers released on Monday. It indicated somewhat stronger domestic demand than shown by the marginal increase in September's employment levels published last Friday.

Some concern was expressed by bullish traders that the market was failing to move higher on good news, leaving them worried about its potential to over react to bad news.

The price of the benchmark 7.25 per cent Treasury long bond due 2016 opened fractionally higher but slipped closing down 1/4 of a point at 96 1/2 at which it yielded 7.53 per cent. Most other bonds posted small price gains.

Treasury bills were mixed with the three month bill off two basis points at 5.04 per cent, six month bills were off five basis points at 5.06 per cent while year bills were up unchanged at 5.25 per cent.

Certificate of deposit rates ranged from off two basis points at 5.65 per cent at the short end to unchanged at 5.80 per cent at the longer end.

EUROPE

\$ support brightens the mood

CENTRAL BANK support for the dollar and the overnight rise on Wall Street provided a more positive background to trading in Europe yesterday.

Many investors remained cautious and no clear trend emerged from, at best, only moderately active sessions.

Frankfurt regained some buoyancy and shares closed generally higher, with the Commerzbank index rising 2.9 points to 2,019.3.

Analysts were split on whether the central bank's intervention to support the dollar had much impact, and some took the view that export-oriented shares no longer paid much attention to the movements of the currency at its lower level.

Late buying interest in the banking sector took Deutsche Bank DM 13 higher to DM 802 and Dresdner DM 8 to DM 415.

Among electricals, Siemens was again firmer, adding DM 16.50 to DM 718.50, and AEG, which had its turnover growth hit by the dollar's decline, advanced DM 7.90 to DM 327.

Engineers and chemicals were firmer, but vehicle makers were mixed, with Daimler up DM 19 to DM 1,270, BMW unchanged at DM 625 and VW down DM 4.50 to DM 483.50. VW's preference shares, the remainder of which were offered to the public on Monday at DM 450, lost DM 4.50 to trade at the offer price.

Bonds had a dull session, with most losing about 20 pfg but long maturities dropping by up to 30 pfg.

Business was mostly between banks. The Bundesbank bought DM 12.8m worth of paper after selling DM 100.1m on Monday.

Amsterdam took its early lead from the firmer tone in Frankfurt and from New York's overnight gains, moving moderately higher in a quiet session before easing slightly.

International and financial stocks performed well, boosted by the improvement in the dollar. Among them, Unilever gained FI 4 to FI 478 and Royal Dutch rose FI 3.40 to FI 203.7.

Océ-Van der Grinten, the copier group, added FI 2 to FI 530 after announce-

ing higher third quarter profits.

Zurich was spurred by enthusiasm over a cut in short-term interest rates and the firmer dollar. Share prices closed higher across the board and blue chip gainers included Oerlikon-Bührle, up SFr 40 at SFr 1,470, and Hoffmann-La Roche, which added SFr 175 to SFr 11,400.

Commercial banks, whose total net profits jumped in 1985, were also all firmer.

Brussels had a quiet session with most blue chips ending steady or narrowly mixed. Much attention focused on Petrofina, which advanced BFr 40 to BFr 8,480.

But Vieille Montagne continued to fall following news of its first half loss, ending BFr 290 down at BFr 5,510 for a two-day drop of BFr 490.

Paris saw only selective buying interest in very thin trading which left prices mixed.

Construction stocks were among the losers, with Bouygues easing FFr 44 to FFr 1,380. Gainers included Moët-Hennessy, up FFr 208 at FFr 2,228.

Milan moved lower on profit-taking which saw Montedison lose some of Monday's gains, easing LA5 to L3,905. FI continued to fall, ending L320 down at L14,480.

Stockholm again ignored the public sector strike and rose in heavy trading to a new all-time high, with the Veckans Affarer all-share index reaching 903.6 from Monday's 897.3.

Oslo was weaker and Norsk Hydro dropped Nkr 14 to Nkr 134 on continued reaction to its expectation of weaker profits. Madrif turned lower on profit-taking.

TOKYO

Blue chips are back in demand

A WIDE VARIETY of blue chip stocks were in demand in generally thin trading on the Tokyo stock exchange, sharply pushing up the Nikkei market average, writes Shigeo Nishiwaki of Jiji Press.

Some of the lift was the result of the start today of a ¥100bn stock investment trust by Daiwa Investment Trust and Management, of which ¥50bn will be invested in stocks. However, institutional investors generally shied away from trading and leading brokerage houses said the market still lacked the energy for full-fledged recovery.

The market index rallied 169.03 to 17,604.36 on volume totalling 366.84m compared with Monday's 253.81m. Gains outpaced losses 450 to 381, with 115 issues unchanged.

Hitachi topped the active list amid small-lot buying by investment trusts with 31.32m shares changing hands. It spurred ¥80 to ¥1,100. Toshiba added ¥22 to ¥758, NEC ¥40 to ¥2,280 and Mitsubishi Electric ¥14 to ¥545.

Fuji Photo Film hit an all-time high of ¥3,120, a rise of ¥230. Its previous record was ¥3,040 registered on June 28. Sumitomo Electric Industries climbed ¥60 to ¥1,330 and Lion ¥110 to ¥1,450.

Renewed interest was shown in three issues related to the Tokyo Bay area redevelopment project. Ishikawajima-Harima Heavy Industries rose ¥31 to ¥397, while Nippon Kokan rose ¥8 to ¥306 and Tokyo Gas ¥70 to ¥1,090.

Tokai Electric Power rose ¥200 to ¥3,250.

In the government bond futures market, a leading securities house actively bought December contracts and the price advanced ¥0.13 to ¥103.62, topping ¥103.58, which was generally considered a ceiling for the time being. At this price, massive profit-taking selling set in, pushing the price down to ¥103.13, down ¥0.36.

The drop in the futures market dampened the cash market. The yield on the benchmark 6.2 per cent government bond due in July 1995 fell to 4.895 per cent in the morning, but closed higher at 4.740 per cent, compared with Monday's 4.720 per cent.

LONDON

Opec output move adds to upturn

UK MONEY SUPPLY data proved to have been well discounted in London and it was left to other factors to provide the impetus for another rise in share prices.

The equity market opened slowly but was led higher at mid-session by oil stocks when the decision by the United Arab Emirates to cut crude output seemed to increase the likelihood of success for the Opec ministerial talks now under way in Geneva. At the end, the FT Ordinary index was 6.1 higher at 1257.3.

Gains in government bonds were extended to 1/4 after the money supply announcement but were then quickly clipped as trading died away.

Chief price changes: Page 37; Details, Page 38; Share information service, Pages 34-35.

AUSTRALIA

A FOURTH consecutive record high was set in Sydney with trading dominated by heavy trading in gold shares, which posted sharp gains in response to firming world bullion prices.

At the close, the All Ordinaries index was up 18.8 at a high of 1,329.4, while the gold index registered a 100.8 advance to a peak of 1,993.9. The index has risen at most 250 points so far this month.

Central Norseman led the bullion issues, rising 70 cents to AS16.70. Gold Mines of Kalgoorlie climbed 60 cents to AS15.50, Emperor 64 cents to a record AS6.80 and 12 session 30 cents to AS4.60.

Among actively traded issues, BHP added 10 cents to AS5.66.

THE SUPER 330,530,000 DM OFFER!

Don't miss our new - greatly improved - SÜDEUTSCHE KLASSENLOTTERIE - the 80th series that gives you the golden opportunity to win more. In fact there are bigger, better and more prizes than ever before. Well over 388,990 guaranteed prizes with a total value of 330,530,000 DM will be raffled out of a mere 800,000 ticket numbers.

There will be 26 draws during the course of the series with the following total of guaranteed Top Prizes: 20x 250,000 DM, 10x 500,000 DM, 4x 750,000 DM, 4x 1,000,000 DM, 3x 1,500,000 DM and 3x 2,000,000 DM. And another 388,990 prizes ranging up to 100,000 DM complete our super offer. You will also find, that at the time when numbers are drawn and eliminated, the prizes are much larger than the actual stakes paid.

GOLDEN OPPORTUNITIES

3x 2 Million DM = 6,000,000 DM
3x 1.5 Million DM = 4,500,000 DM
4x 1 Million DM = 4,000,000 DM

4x 750,000 DM = 3,000,000 DM 26x 60,000 DM = 1,560,000 DM
10x 500,000 DM = 5,000,000 DM 30x 50,000 DM = 1,500,000 DM
20x 250,000 DM = 5,000,000 DM 34x 40,000 DM = 1,360,000 DM
32x 100,000 DM = 3,200,000 DM 74x 25,000 DM = 1,850,000 DM
22x 80,000 DM = 1,760,000 DM 540x 10,000 DM = 5,400,000 DM

388,990 prizes under 10,000 DM = 286,400,000 DM

388,994 PRIZES AT A TOTAL AMOUNT OF 330,530,000 DM

Making many happy winners is our business

... and opportunities in the SKL are really super. With a limited supply of only 800,000 ticket numbers, we guarantee that 388,994 prizes totalling well over 330 million DM will be raffled. This means: nearly every second number is a winner in the game, which creates the mathematical probability to win by participating with at least three tickets with different numbers. One complete lottery (series), extending over a 6 month period, is divided into 6 classes. Each single class has 4 draws (one every Saturday) except the 6th (main) class which has 6 drawing days running over a period of five weeks. The total of winning numbers and the value of prizes increase from class to class up to the last three draws of the series when three prizes of 2 million DM each will be raffled!

The lottery is state administered

This institution, sponsored by the Federal States of Baden-Württemberg, Bavaria, Hesse and Rhineland-Palatinate, is controlled by an official board of directors in Munich. The prize schedule is the basis of the lottery showing all the prizes and drawing dates. This is compiled and agreed to by the authorities involved before the series starts. All data shown thereon will be followed in detail. The draws are public and state controlled thus giving the assurance that all prizes are given to their rightful winners. Tickets are sold solely through lottery agents, who have to be appointed by the financial ministers of the Federal States concerned.

Prompt and efficient service for all clients

Each and every winner is informed. You will not only be sent the official winning lists along with the renewal tickets every four weeks, but we'll also notify you personally and in strictest confidence immediately whenever you win. As all our clients' records are kept solely in our office and under professional secrecy, nobody else will know about your participation in the lottery or possible winnings. All prizes are immediately paid out in full, free from German tax and according to your advice. All payments are made in any currency and to any address or person of your choice. Our service is worldwide - wherever there are postal facilities you can play our lottery and get your prize money.

Buy tickets and win!

Tickets are issued as full tickets, half tickets and smaller shares. All of them take part in the draws and have equal winning chances. But only full tickets receive 100% of the prize money. Fractions of shares, costing their respective parts of the stakes, are consequently only entitled to their corresponding portions of the prize money. However, the more tickets you play, the better your chances are of winning - and in order to keep it cheap - play fractions of tickets.

To join - just simply complete the attached order coupon and send it together with your remittance to the address below. Full information in English will follow with our delivery (all overseas letters are airmailed). If you send your order and draft to arrive here before the first draw on Nov. 1, 1988, you can be sure that you will take part in all 26 draws of the 80th lottery right from the start and will have full benefit of your stakes.

Mr. W. Wessel
Government Accredited Lottery Agent
Ulmstraße 22, P.O. Box 104067
D-3600 KASSEL, WEST GERMANY

Complete, enclose your cheque and mail to: Mr. W. Wessel, P.O. Box 104067, D-3600 Kassel (West Germany)

TICKET ORDER

Please send me by return post SÜDEUTSCHE KLASSENLOTTERIE tickets as stated below:

..... Full Tickets	at DM 792 each (approx. US\$ 384 or Estg 256)	= DM
..... Half Tickets	at DM 396 each (approx. US\$ 192 or Estg 128)	= DM
..... Quarter Tickets	at DM 198 each (approx. US\$ 96 or Estg 64)	= DM
..... Lucky Trios*	at DM 594 each (approx. US\$ 288 or Estg 192)	= DM
* = 3 Quarter Tickets with different numbers		
..... mailing charges etc.	Europe DM 12 (approx. US\$ 5.80 or Estg 3.90) Overseas DM 21 (approx. US\$ 10.20 or Estg 6.80)	= DM

Total amount of the enclosed cheque in DM or the equivalent in US\$ or Estg = DM

The quoted US-\$ or Estg are only a rough guide. For exact exchange rates please ask your bank. The DM prices stated above cover the by bank transfer, personal cheque or in foreign currencies, please add bank charges. If you pay by credit card, please add the DM equivalent. All cheques should be made payable to Mr. W. Wessel, if not included, payments should be received here before Nov. 1, 1988. Should you order later, please enclose your cheque with order. (Exchange rates quoted as at August 15th, 1988)

Mail tickets to: Mr. □ Mrs. □ Miss □ Messrs. (print clearly) Please answer in German □ in English □

FULL NAME: _____

STREET AND NUMBER: _____ **P.O. BOX:** _____

PLACE (city / country / postal code): _____ **VALID ONLY WHERE LEGAL.**

30446

KEY MARKET MONITORS			
STOCK MARKET INDICES			
NEW YORK	Oct 7	Previous	Year ago
DJ Industrials	1,784.45	1,784.45	1,324.37
DJ Transport	818.13	822.25	642.32
DJ Utilities	199.27	200.20	154.06
S&P Composite	234.41	234.78	181.87
LONDON			
FT Ord	1,257.3	1,251.2	1,007.2
FT-SE 100	1,592.3	1,578.9	1,306.9
FT-A All-shares	683.65	777.75	633.53
FT-A 500	861.52	854.66	694.92
FT Gold mines	329.4	316.2	289.2
FT-A Long gilt	10.37	10.41	10.18
TOKYO			
Nikkei	17,604.36	17,435.33	12,792.0
Tokyo SE	1,469.34	1,454.83	1,025.20
AUSTRALIA			
All Ord.	1,329.4	1,310.8	1,017.0
Metals & Mins.	716.0	694.3	630.5
AUSTRIA			
Credit Aktien	239.69	234.48	n/a
BELGIUM			
Belgian SE	3,872.00	3,887.75	2,525.85
CANADA			
Toronto	2,163.3	2,174.5	1,867
Metals & Mins	3,024.2	3,016.0	2,650.2
Montreal	1,520.94	1,517.82	128.82
DENMARK			
SE	n/a	189.29	225.90
FRANCE			
CAC Gen	387.2	386.50	205.0
Int. Tendance	151.30	151.20	74.5
WEST GERMANY			
FAZ-Aktien	674.51	673.33	545.31
Commerzbank	2,019.30	2,016.40	1,604.9
HONG KONG			
Hang Seng	2,162.78	2,094.93	1,617.78
ITALY			
Banca Comm.	739.49	746.39	411.13
NETHERLANDS			
ANP-CBS Gen	280.20	277.30	210.2
ANP-CBS Ind	280.20	277.30	185.5
NORWAY			
Oslø SE	370.18	376.75	373.65
SINGAPORE			
Straits Times	821.78	819.51	783.59
SOUTH AFRICA			
JSE Golds	—	1,991.0	1,049.8
JSE Industrials	—	1,361.0	971.6
SPAIN			
Madrid SE	200.38	202.57	85.54
SWEDEN			
J & P	2,415.95	2,488.14	1,375.35
SWITZERLAND			
Swiss Bank Ind	557.10	551.60	476.4
WORLD			
MS Capital Int'l	342.7	341.9	223.1
COMMODITIES			
(London)	Oct 7	Prev	
Silver (spot fixing)	398.35p	398.75p	
Copper (cash)	2347.5	2346.00	
Coffee (Nov)	22,370.00	22,305.00	
Oil (Brent blend)	\$14.25	\$13.75	
GOLD (per ounce)			
(London)	Oct 7	Prev	
London	\$437.50	\$438.00	
Zürich	\$437.50	\$437.67	
Paris (fixing)	\$434.66	\$434.66	
Luxembourg	\$441.75	\$436.00	
New York (Dec)	\$444.80	\$442.8	
FINANCIAL FUTURES			
CHICAGO	Latest	High	Low
US Treasury Bonds (CBT)			
9% 32nds of 100%			
Dec	96-22	97-08	96-15
97-08			
US Treasury Bills (TBM)			
\$1m points of 100%			
Dec	95.06	95.08	95.02
95.02			
Certificates of Deposit (CDM)			
\$1m points of 100%			
Dec	n/a	n/a	n/a
n/a			
LONDON			
Three-month Eurodollar			
\$1m points of 100%			
Dec	94.22	94.28	94.20
94.20			
20-year National Gilt			
250,000 32nds of 100%			
Dec	110-25	112-4	100-8
100-8			
* Latest available figures			

دعوتی